

THIRTY-FIFTH ANNUAL CONVENTION NUMBER  
**ILLINOIS BANKERS ASSOCIATION**  
**:: BULLETIN ::**

*"To increase the usefulness of its Banks and to advance the general welfare of the State"*

PEORIA, ILLINOIS, JUNE 18-19, 1925

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## THIRTY-FIFTH ANNUAL CONVENTION

### Thirty-Fifth Annual Convention

Thursday, June 18th

First Session, 9:30 A. M.

The Thirty-Fifth Annual Convention of the Illinois Bankers Association was called to order in the Majestic Theatre, Peoria,

Illinois, at 9:30 A. M., Thursday, June 18, 1925, President Wayne Hummer presiding.

#### Invocation

Rev. Arthur F. Ewert, Pastor Central Presbyterian Church, Chicago; Chaplain Illinois Bankers Association

Our Heavenly Father, it is with sincere gratitude that we thank Thee this morning for another year of life since the last annual meeting of this Association. We thank Thee for our great Commonwealth, and that in its continued well-being and up-building the Illinois Bankers Association has been assigned a responsible and worthy place.

We thank Thee that individually Thou hast given us positions of trust and honor in our several communities, and that with every new year Thou dost grant us new opportunities for service. Enable us more and more clearly to see that "it matters not what our work may be, whether great or small, splendid or obscure, nor in what uniform we do our duty; only that we find our duty certainly and do it faithfully tunes our lives into some feeble echo of the life of God."

We thank Thee for our organization, for its President and its Secretary, and all who are with them in authority. We pray

that through this fellowship and fraternity there may come ever-widening opportunities for public service, and that in it we may find not only a satisfying joy, but the source of efficiency and strength.

Bless, we beseech Thee, by the guidance of Thine own wisdom, the deliberations of this body in annual meeting assembled. Direct us in our thinking and planning. Rule and overrule all things for Thy glory and our highest good. And answer our prayer in the name of Him who taught us when we pray to say:

"Our father, who art in Heaven, hallowed be Thy Name; Thy kingdom come; Thy will be done in earth as it is in heaven; give us this day our daily bread; and forgive us our debts, as we forgive our debtors; and lead us not into temptation, but deliver us from evil; for Thine is the kingdom, and the power, and the glory, forever. Amen."

#### Address of Welcome

Ferdinand Luthy, President Peoria Clearing House Association; Chairman of the Board Merchants and Illinois National Bank, Peoria

Mr. Chairman, ladies, fellow bankers and visitors: On behalf of the bankers of Peoria, I extend to you a most hearty and cordial welcome to our city.

It has been some twelve years since we have had the pleasure of entertaining you. I hope it will not be so long again. Unless present plans miscarry, our hotel accommodations will be very materially increased, so that we shall be able to take care of larger numbers and afford excellent accommodations.

I want to say a word about Peoria. Those of you who were at the Smoker last night heard Richard Bradley enumerate some of the benefits that have gone out from Peoria to all the world. He mentioned such products as Col. Robert G. Ingersoll, Bishop Spaulding, and, among others, the cure for backache, which I think is one of the greatest blessings that has ever come about for the relief of mankind, the wonderful washing machines that are produced in the city.

Peoria has the finest lot of school buildings in the state outside of Chicago. Peoria has the most churches of any city in the state outside of Chicago. We have a system of parks that I think is not excelled in the state, not even excepting Chicago. The park driveways furnish some of the finest views that we have in the state.

Peoria is blessed with an excellent water supply underlying the city. Our city supply is obtained from wells which seem to have an unlimited supply, and of a very fine quality. Our

city is well lighted, possibly better than any in the state outside of Chicago. Our supply of electricity for lighting and commercial purposes is very efficient. Peoria is very favorably located for manufacturers. Its supply of cheap coal and abundant labor makes it an excellent place for factories. Our distributing facilities are very excellent. We have some 15 railroads besides the Illinois River and hard roads, to distribute the goods. Firms which have examined the Middle West and West as distributing points have sought Peoria to locate their branch houses for the distribution of their goods. It is also true that this city is most favorably located so far as freight rates are concerned.

Peoria is the center of the grain and livestock district—the best grain and livestock section in the United States and possibly in the world. There is no better place to locate and bring your families.

I will speak a word on the entertainment part of the program. There will be this afternoon the Ladies' Luncheon at the Country Club of Peoria. Transportation will be furnished visitors starting from the Jefferson Hotel at 12:30. This evening there will be a dance at the Country Club, commencing at 9:00 o'clock. Transportation will be furnished, starting from the Jefferson Hotel.

On Friday afternoon at 2:00 o'clock there will be an automobile drive, starting from the Jefferson Hotel, and a stop will be made enroute at the Mount Hawley Country Club. Friday after-





noon there will be the golf tournament at the Country Club of Peoria. There will be numerous trophies awarded. This will be an affair that all bankers should attend. It will be very nice to exhibit the trophies next winter and tell the many stories of the wonderful scores that were made at the Peoria Country

Club. Since all fishing stories are being displaced by golf stories, it will certainly be an excellent card to have these trophies to show to the friends around the fireside next winter.

Again wishing you all a hearty welcome, I thank you.

## Response to Address of Welcome

C. W. Boyden, Vice-President of the Association; Vice President Farmers State Bank, Sheffield.

Mr. President, fellow members of the Illinois Bankers Association and guests: I deem it a great pleasure this morning to acknowledge the welcome which Mr. Luthy has just extended to us. As he said, we know that Peoria, as the second city of Illinois, occupies a very commanding position and reaches out to touch all of us with her varied activities. Some of us are even correspondents of her good banking institutions; others of us ship our grain and livestock to her markets. Many of the manufactured articles that we find in daily use in our homes are made here. He mentioned the washing machine. Some of our children come here for an education, and, as an Association, about every so often we return here to enjoy her delightful hospitality, to renew our friendships and to note her growth and progress.

You know the best proof of the pudding is in the eating. This is the fourth time in the history of this Association that its Annual Convention has been held in this city. Each time we have come with increased numbers and so have afforded ample proof of the very successful entertainment which has always been afforded.

I recall that Peoria long had the reputation of being a spiritous city. (Laughter.) Perhaps there isn't so much of spirits made here as formerly, but evidences that a progressive spirit is still abroad greet us on every hand. We look about us and see new and substantial buildings; the names of new industries greeted us as we came in by motor and on the train yesterday and this morning. The resources of her banks show ever increasing size. All indicative of the fact that in material things Peoria is progressive.

And we also find with equal pleasure that those other attributes of every typical American city are being nurtured and developed. The number of her magnificent homes, the extension of her park system and the improvement of her river front, the beauties of her country clubs and the growth of her schools and colleges all indicate that Peoria is not only a good place in which to make money but is also a good place in which to live and cultivate those finer impulses of our natures. Now, I don't make any great claim as a prophet, but it seems to me that dull indeed must be the imagination of anyone who, with even a little thought, fails to catch a glimpse of the glory that is yet to be hers. She finds herself centered, as it were, in this Mid-West section of our country which eventually, if not quite yet, is destined to be the industrial, commercial and agricultural Eden of the world.

Mr. Luthy has reminded you that fifteen railroads serve her commerce; trunk lines of cement radiate in every direction, and a great river flows at her feet only awaiting the appropriations of a dilatory Congress to make it a mighty waterway of commerce, a waterway, we hope, upon whose surface will pass to and fro merchantmen from every quarter of the globe. And,

added to all these advantages of position, she is most fortunate in the type, the right type of conservative and constructive citizenship which is hers, citizens whose vision is clear and of long range, men of faith and courage, men with insight and perception, who recognize in the smile of Nature not only an invitation to launch out into new fields and ventures, but to enlarge the activities that are already humming and to broaden the service now being rendered.

I am sure that we all share Peoria's pride in what she has already accomplished and most heartily congratulate her on what she may confidently expect as this Mississippi Valley grows into a position of commanding importance. We are indeed glad to be in a city whose watchword so clearly seems to be "Progress" for we are an Association whose eyes are too turned toward the rising sun. In thirty-five years we have grown from a small group to include within our membership almost the entire banking fraternity of the state. Just as a man of thirty-five comes to find his place in the life of his day, so, as an Association of like age, we have come to an appreciation of our opportunities and of our responsibilities. The banks of Illinois have a glorious history, but with the great development of our state greater requirements are constantly made upon us. Collectively we are committed to meet every legitimate demand that is made. Our Association this year, under the administration of one of our greatest Presidents, has caught a new vision and outlined an enlarged program of service and helpfulness to its members which will better assist them to serve the purposes for which they are intended, to function with greater intelligence and with a better appreciation of the part that they are to take in the promotion of the prosperity and welfare of this great State of Illinois.

Then, too, there is another reason why we are glad to be in Peoria. I recall that this city has furnished two of the Presidents of this Association, one the well-beloved and, to many of us, familiarly known, Bill White, who still lives here. They both served with distinction bringing honor to themselves and to this Association, and I am sure we all deem it a pleasure to be here and to give expression to the debt we owe them.

And we are also grateful, Mr. Luthy, for the facilities which you place at our command, facilities both for pleasure and for business. I don't think I need to say that of course we expect to so deport ourselves as to merit the approval of the citizens of Peoria and to be worthy of that invitation which Mr. Luthy says is going to be extended to us to come again. Remembering the delightful hospitality of former occasions, and judging the entertainment yet to come by that afforded last night, I feel certain that this convention is going to set a record. In years to come I doubt not that this Peoria Convention will be a target, so to speak, at which other cities will shoot, but few will hit the bullseye.





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I am reminded of that story of the man who lost his life in the Johnstown flood. He was tremendously impressed with the magnitude of that flood and of the devastating power of that mighty volume of water as it rushed down the valley, sweeping everything before it. After he had reached the heavenly home he still could talk of nothing else, until he practically became a bore to everyone. There was, however, one fine old bewhiskered patriot who always either drew to one side or listened to his story with evidences of the utmost disdain. Our friend from Johnstown finally inquired who the old man might

be, whereupon he was told that it was Noah, and that the Johnstown flood looked like thirty cents to him.

And so it seems to me that perhaps in years to come, as we shall be convened in other cities and truly enough enjoy the hospitality which they extend, yet, remembering this delightful convention, we will remark, so to speak, under our breath that we were in Peoria in 1925 and that, like Noah, to us everything else looks like thirty cents. (Laughter.)

Mr. Luthy, we thank you. (Applause.)

### President's Annual Address Wayne Hummer

Fellow bankers, ladies and gentlemen:

To advance the general welfare of the State and increase the usefulness of its Banks—these were the reasons given and the words used when thirty-five years ago the Bankers of Illinois gathered together and adopted the constitution of the Illinois Bankers Association. Thus it will be seen that thirty-five years ago, as today, uppermost in the thoughts of Bankers of the State was the question of general welfare. It is to be presumed that the framers of our constitution were of the opinion that Bank Profits would take care of themselves, because all questions of benefit to the Banks were omitted, both in the declaration and in the constitution itself, and it seems that even today when Bankers get together, that a discussion of the practical everyday problems of Banking is avoided.

Through all these years we have considered the problems of the farmer, the business man, and the manufacturer. We have taken a position on all affairs of the State and Nation, the general welfare having at all times our first consideration. I am firm in my belief that our contributions toward right thinking on these various problems and questions, has in no small measure aided in their solution, and yet I cannot understand why we Bankers have been so modest, why we have given so little time and thought to a frank and open discussion of the problems of our business.

This is all the more surprising, because of the fact that during the last decade or so, the changes in our economic and business fabric have been *so great*, that every line of business has been affected, and Banking is no exception. Bankers today are confronted with the very serious problem, of how to meet what is apparently a diminishing return on capital invested in their business. Now, as I have indicated, we have worried along with the farmer and others. We have given generously of our time and money to assist in the solution of problems of all kinds, but in my opinion, we have not given our own business the time, attention and careful thought that it required. I am not speaking of any one Bank or Banker, but of Banking as a whole.

A careful analysis of the operations of Illinois Banks for the year 1924 reveals some rather startling figures. The story that these figures tell is that much of the capital employed in Banking could be more profitably invested in sound securities, without some of the attendant risks.

I am proud of the record of the Bankers of Illinois for their services to the State and Nation, and I hope the day will never come when we will not willingly make whatever sacrifices are necessary, but to be in a position so as to always be able to

make these contributions, of necessity our Banks must be healthy and prosperous.

Therefore, let us inquire briefly into the ills confronting the Banker, that are disclosed by the report of our Committee on Analysis of Bank Operations. In the first place, permit me to say that the figures in this report are thoroughly reliable and accurate, the information having been obtained by special permission for the first time from official sources and at considerable expense, though not to the Association.

Also, the year 1924 may not be a typical year, let us hope not, and yet conditions in the previous year or two were probably no better. These figures disclose that in the average Bank with earning assets of from \$250,000 to \$500,000, that the earnings were 5.75% on the capital invested before losses, and 3.83% after losses, and that in the Bank of average earning assets of from \$500,000 to \$750,000 that the net profit before losses was 6.22% and after losses 4.09%. They reveal that 25% of the net earnings of Illinois Banks were charged off on account of losses and that it takes nearly 50% of the gross earnings of the Banks for operating expenses and that an additional 25% is paid out for interest on deposits. In Banks of smaller and larger size, conditions vary, operations having been uniformly more profitable in the larger Banks, the net profits of Banks with earning assets of from \$2,000,000 to \$5,000,000 having been 6.78%.

Now the question that naturally presents itself is why this unsatisfactory showing? While it is true that the earning assets of Banks have increased the supply of money during the last two or three years has been very plentiful, a satisfactory condition perhaps insofar as general business is concerned, but low interest rates naturally affect Bank earnings.

Just as the supply of money is plentiful, so are Banking facilities and Banks. Possibly this is one of the ills of Banking. At any rate, competition undoubtedly has been the cause of many practices not conducive to profitable operations, such as the payment of four per cent interest on deposits, and the performance of many services for which no charge is made, such as the carrying of unprofitable checking accounts.

Throughout the State, Banks are taxed on a basis varying from 40% to 100%, the average being from 50% to 60%. What other property is taxed on a similar basis?

The cost of Banking equipment of all kinds was never so high as it is today, and the same can be said of Bank supplies and stationery, and never before have we used such fine equipment and so much of it. In the purchase of supplies and stationery, competition demands that we have the best and most costly, and there is little or no uniformity in forms and accounting methods.





In our advertising, we try out every new scheme that is presented. Some are profitable and many are not. The report of our Committee on Advertising discloses that Illinois Banks last year spent approximately \$6,000,000 on publicity and advertising. Think of the saving, if the waste in advertising could be avoided.

In spite of all this, however, if losses could be prevented, we would get along fairly well as disclosed by figures heretofore mentioned.

Here again competition enters into the situation, or at least the lack of cooperation on the part of Banks and never until we have a State-wide system of County Credit Bureaus or some other plan modeled after the Clearing House Association credit bureaus, will we be able to avoid losses through duplicate borrowings, although I believe that through the practice of sound Banking principles and strict compliance with the regulations of the State and National Banking Departments, losses can be largely reduced.

The situation now confronting the Bankers of Illinois to a very large extent, I am certain, can be remedied through co-operation. This, happily, is a day of cooperation in business of the right sort. The old days of combination and restraint of trade are over. In its place we find a spirit of mutual cooperation and helpfulness in all lines of business. Only recently the Supreme Court of the United States placed its seal of approval upon associational cooperation when it said that "trade associations, or combinations of persons, or corporations, which openly and fairly gather to disseminate information as to the cost of operating their business, without attempting to reach any agreement restraining competition, do not engage in unlawful restraint of commerce."

The problems of increasing operating costs are being met by efficiency and economy. The efficiency engineer and the expert accountant and the analyst have pointed out how to stop the leaks and through our universities, technical schools and research laboratories, new devices and plans for meeting new problems which present themselves, are being constantly solved.

In the solution of these problems of the manufacturer, the business man and the farmer, too, the Banker, as I have already indicated, has played his part and contributed his share but how about the science of Banking itself. Where is there a school or research laboratory for the development and advancement of Banking as a business or profession? Where are the statistics which indicate the results of the operations of Banks? Who can say if we have enough Banks or too many? What is the proper relation of gross earnings to earning assets, of expenses and salaries to gross earnings? What percentage are the losses to gross earnings of the average Bank, and what is the net profit? Is credit employed efficiently or otherwise? How can losses be prevented or reduced, and so on? Where can the answers to these questions be found? The only information along these lines that I know of, is that prepared by the Committee on Analysis of Bank Operations of the Illinois Bankers Association, to which I have already referred. This Committee is to be commended for the splendid work that it has done, but is this important work to be left to a Committee? Should we not have in our Association a Department for the Analysis of Operations of Banks? I am convinced that a tremendous saving can be effected through the adoption of standard forms and methods, through the operation of our Banks on a strictly scientific and businesslike basis. I am not criticizing the individual Banker, but I say that because of competition and lack of proper information, the operations of many Banks are no longer prof-

itable. This is a situation which we might just as well recognize, and it can be corrected, as I have already stated, at least to a large extent, through Associational cooperation.

Illinois Bankers as I have already mentioned, have contributed generously to all worthy movements and to all activities. Everyone knows that in the largest city and in the smallest town, Banks head the list of contributors. We have always contributed to everything, and I hope we will always be able to do so, but what have we contributed to Banking, our own business? Why should we not have a James B. Forgan Memorial Building, with an endowment of a million dollars or two? Is the name of James B. Forgan not worthy of such a memorial? Is Banking not of sufficient importance to be thus recognized?

The Bankers of Illinois and the Nation must solve their own problems, and these problems can only be solved by study, analysis, investigation and research, and the time seems opportune because today conditions generally speaking are satisfactory, and the outlook in all lines of trade and commerce is not unfavorable. Therefore, I urge the Bankers of Illinois to give at this time serious consideration to their own business, and again I am not speaking to the individual Banker, but to Bankers collectively. The preliminary report of the Committee on Analysis of Bank Operations demonstrates the need for co-operative action.

The affairs of the Association during the past year have been administered not by the Administrative Committee only, but by the Administrative and Advisory Committees. One of the first acts of the present administration this year was to designate the Ten Group Chairmen, the two last Presidents, and the Treasurer and one other member at large as an Advisory Committee, to meet each month with the Administrative Committee. This action was taken because of the fact that the responsibilities in connection with the direction of the affairs of the Association have so greatly increased during recent years. The advice and cooperation of these men has been invaluable in guiding the destinies of the Association.

We are under great obligation to our various Committees for the splendid work they have done during the year. Members of many of these Committees have worked nights, and Sundays, in the preparation of their reports because of the fact that our Association revenue was not sufficient to employ the assistance necessary to have the work done in the office of the Association.

Although many plans and ideas suggested themselves, and practical ones, too, at the beginning of the Association year, we soon found out that our revenue was scarcely sufficient to take care of fixed charges such as salaries, office rent, etc. For research work, development of ideas or expansion of activities, no funds were available.

The question of revenue therefore, received much consideration early in the new year. The matter was discussed at meetings of the Administrative and Advisory Committees. A Special Committee was appointed to make an investigation into this question of revenue, together with recommendations. This Committee, of which Mr. Wirt Wright was Chairman, made a report which carried with it a recommendation that the dues be increased. The report was unanimously approved by the Administrative and Advisory Committees, endorsed by the Executive Council at the Mid-Winter meeting, and a copy later was mailed to all members. This question of revenue was the main subject of discussion at all Group meetings and at each of these meetings the report of the Special Committee was voted upon favorably.





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If this Convention, therefore, goes on record in favor of increased membership dues, the initial step will have been taken in what promises to be a new era in the development of Associational activities in Banking. We will be enabled to create a department in the Association for the analysis of operations of Banks, with experts in charge. It will make it possible for us to continue the war on the Bank robber and bandit, to the end that all shall be driven from the State. We shall be able to establish in our office, a Department of Publicity with a trained newspaper man in charge. We can employ field representatives. We shall have the funds needed to secure the advice, and assistance necessary in connection with any and all Association activities, and there will be enough left over to build up a Reserve Fund. In other words, it is going to be possible with these additional funds for us to increase the usefulness and extend the influence of our Association. We are going to have the working capital that we are now without, and that is so essential to the successful operation of any business.

Of the accomplishments during this Association year, we are particularly pleased over the development of our County organizations and over the inauguration of a movement which promises to eliminate, at least to a very large extent, bank burglaries and hold-ups.

A few years ago County Federations were primarily social organizations. Many Bankers in adjacent towns were not even acquainted, and many counties were without organizations. This is now all changed. Today our counties are 100% organized, and the Bankers in the various counties are not only acquainted with one another, but now have confidence in each other. Forty County Federations now have permanent Secretaries, so-called, because these men have agreed to stay on the job from year to year. This alone gives a permanency to these organizations that they have hitherto lacked. A tremendous step forward has been made in the development of these organizations and in no small measure has this development been due to the creation in the office of the Association, of a Department of County Federations.

In respect to the program of the Protective Department, we are confident that just as soon as the State is completely organized, attacks on Illinois Banks are going to be a thing of the past. An enormous amount of publicity has been given our plan to drive the Bank bandit and robber out of Illinois, and there is no question but that it has had a very beneficial effect. Therefore, I cannot urge too strongly the importance of every Bank in the State, taking the necessary action, in order that no point in the State will be unprotected.

It is indeed, most unfortunate that we must take these extreme measures, but we are convinced that the action we have taken and the program recommended, is absolutely necessary for the protection of the Banks of the State against criminal attacks, so once more I urge your support of the program in all its details.

These activities, as well as others, are covered in the various Committee reports, which I hope every member will read carefully.

Let me state here, that while I am very much of the opinion that the time has come for us to give more attention to the everyday problems of the Banking business, I am not unmindful of the purposes for which this organization was formed, reference to which has already been made, and I am thoroughly in sympathy with any program designed to further the interests of agriculture, commercial relations, public education, and so on.

It has been my good fortune and pleasure to become more or less intimately acquainted with the men in charge of our State Banking Department at Springfield, and our Association this year, the same as heretofore, is under great obligation to the Auditor's office for the assistance and cooperation received from it in connection with our activities. We can well be proud of our State Banking Department, for there is none better in any State.

The Federal Reserve Bank of Chicago has likewise been very helpful to the Association in numerous ways, and in speaking of Federal Reserve Banks, one cannot but be reminded of the attacks that are still being made on the system by uninformed individuals, or by those, who for personal or political reasons do not find the operations of the Banks to their liking. Constructive criticism regarding operations of the system are welcomed by the Federal Reserve Banks, but criticism of the sort that has for its purpose the undermining of the system, should and will be answered in no uncertain terms by Bankers of Illinois.

It seems to me that we ought to rejoice today over the normalcy of things. Throughout the world, people are asking for nothing but peace, and in the words of General Dawes, tranquillity. We are not experiencing boom times, and probably never will again, but business is good and there is promise of more activity by fall.

In our own State the growth and development during the last decade or two has been tremendous, and yet in my opinion, all former records will be shattered during the coming year.

I am proud of the part that the Bankers of Illinois have taken in the development of the State, and I am firm in my belief that in the future, as in the past, we shall measure up fully to our responsibilities.

At the request of the President, Secretary Graettinger announced the Convention Committees on Resolutions and Necrology as follows:

Committee on Resolutions: Robert R. Ward, Chairman; H. J. Cooper, A. W. Moore, Isaac N. Powell, C. W. Terry.

The Committee on Necrology: E. E. Crabtree, Chairman; A. K. Foreman, C. R. Tombaugh.

On motion duly seconded and carried these committees were approved.

The report of the Executive Council was then read by Mr. Graettinger.

## Report of the Executive Council

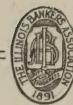
June 18, 1925

The Executive Council has held three meetings since the last convention, namely, June 20, 1924, and January 22 and June 17, 1925.

The meeting first mentioned was held in Decatur immediately

following the adjournment of the Thirty-Fourth Annual Convention, when the new members of the Council were installed. Mr. M. A. Graettinger was elected Secretary and Mrs. O. S. Jennings was elected Assistant Secretary for the ensuing year.





Mr. L. H. Lindquist of the Farmers Cooperative State Bank of Galva, was elected to serve on the Council as a representative from Group One to fill the vacancy caused by the resignation of Mr. C. W. Boyden, due to his election as Vice President of the Association.

The Administrative Committee was authorized to appoint such committees as it deemed necessary for the conduct of Association affairs during the coming year.

At the Midwinter meeting, which was held in Chicago, the invitation from the banks of Peoria to hold the 1925 Annual Convention in that city, was accepted by unanimous vote. At this meeting the Administrative Committee reported the following action which the Council approved:

Appointment of an Advisory Committee consisting of the ten group chairmen, Association Treasurer, Wm. W. Gates, former Presidents Wirt Wright and J. A. Cathcart and C. N. Stevens, President of the Chicago and Cook County Bankers Association, to meet with the Administrative Committee; also the following committees:

Agricultural Relations: H. J. Cooper, Chairman.  
 Analysis of Bank Operations: C. S. Macferran, Chairman.  
 Bank Advertising and Publicity: Gaylord S. Morse, Chairman.  
 Code of Banking Ethics: C. Griggs, Chairman.  
 Criminal Code and Practice: C. W. Terry, Chairman.  
 County Credit Bureaus: H. O. Tunison, Chairman.  
 Education and Public Relations: F. M. Condit, Chairman.  
 Extension of Association Service: Wirt Wright, Chairman.  
 Federal Legislation: Isaac N. Powell, Chairman.  
 Interest on Time Deposits: A. W. Moore, Chairman.  
 Protective, W. B. Crawford, Chairman.  
 State Legislation: C. W. Boyden, Chairman.  
 Taxation: Fred Salm, Jr., Chairman;

Fixing of Treasurer's bond at \$25,000 and designation of the First Trust and Savings Bank, Chicago, as a depository for excess funds over \$25,000, to be represented by three months certificates of deposit;

Reappointment of Charles E. Heckler as legal counsel for the Association;

Reappointment of Archibald Harris & Company as counsellors for accounting and federal taxation for the Association;

Appointment of Wayne Hummer as National Councillor for the Association with the Chamber of Commerce U. S. A.;

Authorization to A. M. DeVoursney of the Protective Department to apply for appointment of Deputy Sheriff of Cook County, and appropriation of the amount necessary for the premium on the required bond;

Adoption of a budget for the current year based on estimated receipts of \$43,700 in the General Fund and \$18,350 in the Protective Fund;

Discontinuance of the Weekly Bulletin and the institution of a printed Monthly Bulletin as a substitute therefor;

Postponement of the usual midwinter Tax Conference until February and the holding of same in three different sections of the State, with the idea of devoting the conference of January 23d exclusively to subjects of interest to the County Federations;

Employment of Jacob W. Myers as assistant to the Secretary and to take charge of all details pertaining to County Federations, effective September 8, 1924;

Endorsement of the bill passed by the last General Assembly permitting the State to lease all or any portion of the Illinois and Michigan Canal;

Approval of the plan for the organization of County Credit Bureaus, compiled by the special Committee on County Credit Bureaus and the printing of the plan in pamphlet form for distribution to the membership;

Authorization of the Secretary to arrange for an exhibit of the Association at the Industrial Products Exposition held in Chicago;

Approval of the recommendation of the Committee on Agricultural Relations that the Association pledge \$500 for cash premiums in the corn seed contest which is a feature of the Annual Corn Show conducted under the auspices of the University of Illinois;

Authorization for the holding of conferences in all the groups during November and December, to be attended by group, county and State officers and committee chairmen, with the idea of establishing a closer connection between the county organizations, the groups and the State Association and bringing to the county organizations a better idea of just how they are expected to cooperate with the Association activities;

Approval of applications for associate membership from the following:

First National Company, Detroit, Michigan. Chicago office.  
 Dighton-Dilatush Loan Company, Monticello.  
 Stanley & Bissell, Chicago;

Approval of the recommendations of the Committee on Postal Service of the Chamber of Commerce U. S. A., as incorporated in Referendum No. 44 of the National Chamber;

Approval of reports of committee meetings held since July first by the following committees:

Committee Interest on Time Deposits—meeting August 14.  
 Committee State Legislation—meeting August 5.  
 Committee County Credit Bureaus—meeting July 28.  
 Committee Agricultural Relations—meeting July 30.

Protective Committee—meeting July 16, October 22, January 21.

Committee Education and Public Relations—meeting September 4.

Committee Analysis of Bank Operations—meeting September 18.

Committee on Taxation—meeting October 9.

Sub-Committee on New Banking Code—meeting October 16.

Committee Agricultural Relations—meeting November 25.

Committee Criminal Code and Practice—meeting December 23.

Sub-Committee on State Police—meeting December 19.

The Administrative Committee offered the following recommendations, which were adopted by the Council:

The institution of a registration fee of five dollars at the Annual Conventions to apply to each delegate and guest; also that a registration fee of one dollar be put into effect at the group meetings, which would do away with the one dollar per member appropriation formerly made to the groups;

That the weeks of May 18th and June 1st be selected for the Spring group meetings;

That in accordance with petitions received from the Piatt County Federation and from some of the bankers in Menard County, both these counties be transferred to Group Seven.

The Administrative Committee also recommended that the following proposed revenue amendment to the constitution, prepared by a committee representing some eighteen important Illinois and Chicago business, industrial and educational organizations, including the Illinois Bankers Association, be approved:

"Resolved by the Senate of the State of Illinois, the House of





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Representatives concurring therein, that there shall be submitted to the electors of this State for adoption or rejection at the next election of members of the General Assembly of the State of Illinois, in the manner provided by law, a proposition to amend Article IX of the constitution by adding thereto an additional section to be known as Section 14 of Article IX, as follows:

"Article IX, Section 14. From and after the date when this section shall be in force, the General Assembly shall have authority to provide by general law for the levy and collection of taxes for public purposes, upon persons, property and income, free from the limitations as to methods of taxation contained in sections one (1), three (3), nine (9) and ten (10) of this article. Taxes levied under the authority of this section shall be uniform upon all persons, property or income of the same class. Exemptions from taxation may be established only by general law. Taxes by valuation shall be based upon a value to be ascertained by some person or persons to be elected or appointed in such manner as the General Assembly shall direct, and not otherwise. No bill for the imposition, continuance or revival of a tax or for the establishment of exemptions under the authority of this section shall become a law without the concurrence of three-fifths of the members elected to each House."

This matter was referred to the Committee on State Legislation to further investigate and cooperate with kindred organizations with a view of securing the best possible constitutional and legislative enactments for the benefit of all concerned.

After extended consideration of the report of the Committee on Extension of Association Activities recommending the reorganization of the Association along broader lines and involving an increase in membership dues, the report was approved, with the provision that the plan be presented to the membership with the recommendation of the Council that it be adopted and that the by-laws be changed in accordance therewith.

Approval was given to the recommendation of the Committee on Criminal Code and Practice that the Illinois Bankers Association act in conjunction with the State's Attorneys Association, the Illinois Bar Association, the Chicago Bar Association and the Department of Criminology in recommending to the Legislature amendment of the criminal code of Illinois.

Reports were also received from the following committees, all of which indicated constructive accomplishment:

Agricultural Relations, Analysis of Bank Operations, Bank Advertising and Publicity, County Credit Bureaus, Education and Public Relations, Federal Legislation, Interest on Time Deposits, Protective, State Legislation, Taxation.

The Council's Committee on Resolutions, consisting of Messrs. W. C. White, J. M. Appel and L. Walker, presented the following resolution, which was adopted by a rising vote:

"Word having come to us of the serious illness of our loved friend and co-worker, John D. Phillips, we take this opportunity of expressing by a rising vote and moment of silence our fervent hope for his speedy recovery and return to continued good health."

At the meeting held yesterday, the Administrative Committee reported that in accordance with instructions of the Council it had printed a prospectus entitled "At the Cross Roads—Which Way Shall We Go?" setting forth in detail the plan for the reorganization of the Association as outlined by the Committee on Extension of Association Activities at the midwinter meeting and that a copy had been sent to each member of the Associa-

tion. Further, that a discussion of this matter had been a feature of the program at each of the Spring group meetings and every group had adopted a resolution endorsing the plan and the amendment of the constitution and by-laws providing for increased dues, in accordance therewith. Copy of the prospectus mentioned is attached hereto and made a part of the record.

The following acts of the Administrative Committee were approved:

Inauguration of an anti-robbery campaign along the lines of the Iowa "Vigilance Committee" plan and the employment of Mr. R. C. Saunders to direct the campaign; also the employment of Mr. R. E. Garrison to take charge of publicity in connection with it;

Authorization for an appeal to the banks of the State for support of the campaign and the collection of a special fund to carry on the work, as well as a legislative campaign, by requesting each bank to contribute ten dollars;

Appointment of Mr. J. A. Cathcart as Substitute National Councillor and delegate to the Thirtieth Annual Meeting of the Chamber of Commerce U. S. A.;

Approval of the favorable vote of the Committee on Federal Legislation on referenda of the Chamber of Commerce of the United States, as follows: No. 45 on the Advisory Committee's Report on Powers of National Banks, and No. 46 on the Advisory Committee's Report on Inheritance Taxes.

Approval of applications for associate membership from the following:

Dawes Maynard & Company, Chicago  
First National Company, Aurora  
Hancett Bond Company, Chicago;

Appointment of the following committee to consider the advisability of changing the present group boundaries:

C. H. Ireland, Washburn, Chairman; W. R. Dorris, O'Fallon; C. E. Fairchild, Elgin; R. H. Garm, Beardstown; G. A. Powers, Benton; P. R. Walters, Rock Island; A. N. Young, Paris.

On the recommendation of the Administrative Committee the Council approved the Annual Reports of the Secretary, Treasurer, Auditors and all of the committees with the exception of the Committee on Code of Banking Ethics, which will be submitted to the convention as a separate matter.

The printed program was approved as the official order of business for the Thirty-Fifth Annual Convention.

In accordance with the action of the Administrative Committee, the Council approved the proposed amendments to the constitution and by-laws as printed, with the following changes, and recommends their adoption by the Convention:

Section 3, Article III of the Constitution—substitute the word "SECRETARY" for the word "Secretaries," appearing in the second line. Also substitute the word "SECRETARY" for the word "Secretaries" appearing at the beginning of the fifth line.

Section 5, Article III of the Constitution—insert the word "AN" between the words "Or" and "Assistant" in the first line. Also substitute the word "SECRETARY" for "Secretaries" at the beginning of the second line.

Section I, Article VII of the Constitution—substitute a PERIOD for the comma appearing after the word "Committee" at the beginning of the fifth line.

Section 2, Article II of the By-Laws—substitute the figures "25" for "15" appearing in the last line.





Section 2, Article III of the By-Laws—substitute the word “REPORT” for the word “Copy” appearing at the end of the first line.

WAYNE HUMMER,                      M. A. GRAETTINGER,  
President.                                      Secretary.

On motion duly seconded and carried the report of the Executive Council was approved.

PRESIDENT HUMMER: Mr. R. C. Saunders, Director of our Town Guard organization, who is going to tell us something more about our anti-robbery campaign, I am sure needs no intro-

duction to you folks. For the benefit of those who may not be acquainted with Mr. Saunders, I would like to say that he was formerly Chief of Police of Des Moines, Iowa. He was a Special Agent under Governor Harding of Iowa, and while in that capacity he organized the State of Iowa along the same lines that we are organizing Illinois. We feel that we have been very fortunate indeed in having been able to secure the services of Mr. Saunders. He is the kind of a fellow who gets what he goes after. I think you will agree with me, those of you who have met him and who know him, and I, for one, feel sure that he is going to get the bank robbers and bandits if they don't get out of Illinois.

I am very glad indeed to present Mr. Saunders. (Applause.)

## “The Anti-Robbery Campaign in Illinois”

### R. C. Saunders, Director of Town Guard Organization I. B. A.

Mr. Chairman, bankers, ladies and gentlemen: It is indeed a pleasure to have the privilege of talking before this convention and at this time to have an opportunity to express my sincere appreciation for the splendid treatment I have received at the hands of Illinois Bankers, officers of the state and the press, while I have been going over the state in the organization work. I could not have received finer treatment. And that is not all. The bankers of the various counties have adopted the Protective plan in every county with the exception of Cook, without a dissenting vote, and only one banker (just enough to prove the rule), stood up and had anything to say against the Town Guard plan. Personally, I feel that this is most remarkable and am deeply gratified that such is the case.

This splendid cooperation has not only been by the bankers and officers of the state, but has been just as sincere and just as complete on the part of the officials of your association and every person connected with the office force of the Illinois Bankers Association. It is that sincerity and that cooperation that are going to put this plan over and make bank robberies a thing of the past in Illinois.

May I just stop a moment to say that Mr. Graettinger, your Secretary, has been as thoughtful of my welfare in this campaign as he would have been had he been my father.

My itinerary has been so carefully worked out by Mr. Schlener, the manager of the Protective department, that I have covered this entire state, scarcely missing a connection anywhere. Mr. Schlener, I am sorry to say, has worked so hard and faithfully in my behalf in getting me to my appointments on time that he has become seriously ill and for that reason is unable to attend the convention.

I often wonder if bankers realize what it means to have 1,900 banks coming to one source with all of their many troubles for assistance and solution. It seems to me that I should rather choose any other profession than that of a Bankers Association Secretary, because of the vast number of difficulties and problems that come to a secretary for him to solve.

The Anti-Bank Robbery campaign, being put on by the Illinois Bankers Association, through its splendid publicity department, headed by Mr. Garrison, has received notice from the press throughout the entire nation. Articles have been published in millions and millions of copies of newspapers and magazines from one end of the United States to the other about your Protective plan, and I venture the statement that one of the

greatest dividends that Illinois Bankers will receive in years to come will be the satisfaction of having aroused the public sentiment to realize the awful menace of crime that is fastening itself on and destroying the very vitals of business throughout our country. Men, this is no idle statement. Three billion, eight hundred and twenty million dollars in loot fell into the hands of the thieves in this land last year.

Not only that, crime has increased in the United States 1,200 per cent in the last 35 years. Think back, if you can, to conditions in 1890 and then think ahead another thirty-five years and if crime continues to increase as it has in the past, think of what our grandchildren will have to contend with in order to live in this country, and I want to say to you that there is no economic problem of such great importance to the American people today as the solving of the crime problem.

You bankers are the leading citizens of your communities and much responsibility regarding the government rests on you, and in view of this, how fitting it is that your Illinois Bankers Association has entered upon this great program that will mean so much as the foundation and the beginning of changed and better conditions for us as citizens and bankers. I shall always feel proud of the humble part I have been permitted to play in this great and constructive work.

The Illinois Bankers Association anti-bank robbery campaign is beginning to show results. Not only has the town guard plan been adopted in every county except Cook County, but the different organizations are taking form and some are almost completed.

There already have been more than 500 guns shipped in. Approximately one hundred thousand rounds of ammunition delivered. The response of the boards of supervisors in many counties has been most gratifying, one county having set aside \$7,800 for protective work in that county, another \$2,500, still another \$1,250 a year for two years, another \$400 and another \$700. Besides this they are equipping the sheriffs and police officers in many parts of the state in a manner unheard of before the Illinois Bankers Association began its campaign this spring.

This is not all: there have been only three attacks on banks in Illinois since April 21st which reduces the average to one and a half bank robberies a month, while you had on an average more than six bank robberies each month last year, and during this same period, Indiana has had eight bank robberies in about two weeks with a loss of more than \$60,000. There is one





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phase of the Illinois situation that is not satisfactory and that is the total loss out of the three banks robbed since April 21st was more than \$10,000. This does not show a reduction in the average loss over last year's record, for in 1924, the loss per robbery was about \$4,600. It is evident then that we must give careful attention to reducing the amounts the thieves get when they do rob an Illinois bank, for it is through that source they obtain their capital to operate on, and the insurance rate is governed by the theft losses. Let me suggest that this is one phase of the situation that should be given serious attention by the different protective committees.

In Iowa all of these details have been so carefully worked out that since the first of January it has been necessary for the bankers and citizens to make only three successful attacks on the bank robbers; in every one of those cases every bank robber has been apprehended except one, two are dead, two in the "pen" for life, three gone down for an aggregate sentence of 100 years, five more in jail awaiting a life sentence; all the money they got away with was less than five hundred dollars. So you can quickly see that there is no incentive for bandits to plan bank robberies in Iowa, as the price is too great and the remuneration practically nothing.

In this connection we are pleased to state that we are fortunate in having Mr. Pixley with his moving picture of an Iowa vigilance committee in training, at this theatre at 1:30 this afternoon.

Several instances have come under by observation where bankers have been apathetic in regard to the plan, due to the fact that they have an armed guard in their banks, the bankers figuring that these guards protect their banks. We quite agree with him that these guards will in all probability protect the banks, but when the bandits go over into another town or county and rob a bank, the insurance company comes to this banker who has the guard in his institution and he pays the insurance company pro rata share of the amount that was stolen by the thieves. The insurance companies are nothing but a clearing house for the bankers and those bankers who are laboring under an illusion that all they have to do is to protect their own bank or their own town only, will never in that way contribute very much to the reduction of the robbery insurance rate and increasing the safety of the banking business in Illinois.

To make the protective plan entirely successful, it is imperative that every bank in the state belong to the Illinois Bankers Association, every county must have a complete federation and a complete protective plan worked out in every county in the state, so that all of the state is uniformly protected. In some cases I have found that some bankers in the larger towns are slow to act, due to the fact that they figure the little hamlets are the ones in greater danger. While I agree with them to some extent, it is the losses from the little banks that largely govern the robbery insurance rate, and while the expense may be a little heavier in the larger banks, yet they are the ones paying the large insurance bills in the county, so on the one hand a lower insurance rate will save the larger banks the most money and the bankers in little towns need the protection. Therefore both are interested in seeing that all banks are protected.

Your Illinois Protective organization is going to mean a great saving to you when it is thoroughly organized, and some figures prepared for me by an actuary of the Integrity Mutual Casualty Company of Chicago will help to prove my point. These figures are from Iowa:

Total robbery insurance in force, approximately \$40,000,000.

Rate per thousand, yearly cost, \$40,000.

Iowa bankers annually pay insurance premiums of  
\$260,000 less than Illinois.  
140,000 less than Kansas.  
80,000 less than Indiana.

Individual banks in Iowa carrying \$50,000 insurance annually pay insurance premiums of

\$250 less than an Illinois bank.  
250 less than a Kansas bank.  
100 less than an Indiana bank.

From these figures you will quickly see that the protective work is a paying proposition. Your protective program will, upon the money actually invested, pay far greater dividends than your bank stock will ever pay. Over a period of ten years an individual bank that carries as much as \$50,000 insurance will save a huge sum of money.

Your protective program, when carried to a successful conclusion, will bring this benefit to you. Without it, no one can say what the future holds.

I want to leave this thought with you. It is not what I can do, but this thing is absolutely up to the bankers, and I am sure that just from the standpoint of money alone there is nothing that has ever come into your state that will make you the money in cold dollars, in ten years, that putting in your time and effort to put over this protective plan will. I want to say this to you. Every day that I live and everything that I run down in connection with this protective plan; the further I go with it, the more I am thoroughly convinced that it is not only the solution of the bank robbery problem, but it is the *only* solution of the bank robbery problem. And I want to say this to you also. I have never seen the time that I feared bank thieves; I don't have any fear of them at all; but there are three things that I am afraid of, and I will frankly admit it: One is Apathy, another is Jealousy, and the third thing is Politics. Now, then, if we can get the bankers in the State of Illinois—and they are doing it—you talk about the response that I have met in this state in comparison with Iowa—why, I haven't had anything to discourage me in Illinois. When we started out in Iowa, if we could have gotten the response and the results that we have in Illinois so far, in less than ninety days, we would have been tickled to death. We have done more in Illinois in the first three months than we did in the first year and one-half in the State of Iowa when we started to organize this plan there.

Now, I want to tell you before I sit down that we have come over here to do this job and we are going to do it. Bank robberies are going to pass away in Illinois, there isn't any question about that. (Applause.) We are not going to give it up until they do. But it is going to take a united effort, men, and you have to leave this matter largely on us and you have to be willing to spend a little money as well as putting in some of your time.

I thank you. (Applause.)

PRESIDENT HUMMER: Illinois has an Attorney General who is more than a lawyer. Hon. Oscar Carlstrom has demonstrated that he is a fighter as well as a lawyer. He has served his country in the Philippines as a volunteer some years ago. He was a captain of infantry in the World War and served in France for a year. He is now representing our state as Attorney General in a very able manner. To be Attorney General in Illinois today, as you know, is more than an honor; it is





a tremendous responsibility. I want to say that the Illinois Bankers Association appreciates the cooperation of the State. We have been getting fine cooperation at Springfield in every way, and none better than that which has been extended by

the Attorney General. I feel that we are under great obligations to our Attorney General for coming here today. He is a very busy man and I am particularly happy to be able to present him to you at this time. (Applause.)

## "What Can We Do to Strengthen Law Enforcement?"

Hon. Oscar E. Carlstrom, Attorney General of Illinois.

Mr. President, ladies and gentlemen of the Illinois Bankers Association: There is one thing that your President said that is decidedly true, especially during this last week of the legislative session. The Attorney General has indeed been a busy man. This morning when I got to bed about 1:30 I had had four hours rest in forty, and I arose rather early to come here. I met a friend when I came over toward the building to the meeting, he said, "Well, I am coming over to hear you."

I said, "Well, I don't know what I am going to say myself as yet."

I am a good deal in the position of the fellow who was asked to address a banquet, so far as any orderly arrangement of the remarks that I may make here is concerned. It was his first opportunity of that character and he had prepared himself, with great care, an address, had written it out to be sure he wouldn't fall down on the job. But it was rather a select affair, and in changing from his business suit to his evening clothes he forgot to transfer the manuscript of his speech. So when he began to notice on the program that his time was coming quickly, he felt through his pockets and discovered to his consternation that he didn't have the manuscript of his speech. But he had the presence of mind to get up and say this:

"Ladies and gentlemen. Before I came here tonight I had a wonderful address prepared to deliver to you. I had prepared it with great care and energy, and I know that it was a masterpiece. God and I alone knew what was in it. Now God alone knows; I don't." (Laughter.)

I was asked to speak here on how we can help or aid in law enforcement. That is rather a broad and a rather difficult subject, because many men have many opinions upon it, and it has been discussed from every conceivable angle in recent times, and whatever theory might be advanced might be as acceptable as another. Yet I am one of those who believe that there are certain fundamentals back of it all that perhaps we have lost sight of, and I believe, as I listened briefly to a part of the explanation of this Illinois Bankers Protective Organization, that the persons who conceived that plan are striking back to those fundamentals which I believe we have overlooked, and that is individual and community responsibility. (Applause.) It is a burden, seemingly, at first blush, unfairly placed upon the banking interests of the state to call upon them to protect themselves. It has been said and might be said quite truly that they have a right to look to the law and the enforcing officers of the law and to the State for the protection which government guarantees. But what is government? The persons who happen to hold temporarily the places of responsibility, carry duties upon their shoulders and are honored in their places—we have looked to them in a sort of a fictitious way as the government. The government is the aggregation of the individual citizenship of any political subdivision, and gov-

ernmental officials can do nothing unless they have the active support of the mass of the decent citizenry of the state.

It has been said that the criminal element in this country and in our state does not exceed three per cent, and I assume that so far as the active, efficient, organized criminal element is concerned, that that percentage is high. A challenge has been thrown at the society of our state, at our people, at our government and our citizens, a challenge that we cannot control that vicious three per cent of our people. That challenge ought to be accepted by the manhood and womanhood of Illinois and of the nation. (Applause.)

A state's attorney in his county, or even a sheriff—and it is all too true that in some instances we have officials who are not ardent in the discharge of their duties with respect to the enforcement of the law, but even those who are most willing and most desirous of making a clean record, of protecting their communities, can accomplish nothing unless they have the co-ordinated and active support of the citizens of their county. I believe that following this great Illinois Bankers Protective Organization movement there will be revived the appreciation that other good citizens, in company with the bankers, must join hands in this purpose to support the local officials in the suppression of crime and in the enforcement of the law.

Character, after all, is the one element of strength and worth in any government, and character of a people doesn't repose under the dome of the capitol at Washington, nor under the dome of the capitol at Springfield. Character is the composite expression of the attitude of the whole mass of the individual citizenry of a state or a country, and if we get down to the proposition of realizing our individual responsibility to help in this matter, I believe in that method and by that means we can best contribute in a helpful way to the enforcement of the law.

Recently when speaking upon this subject I have criticized the multiplicity of laws, and I do believe that is true. During the great experience of the World War, because of the emergent necessity, we adopted many regulatory measures which were rather extreme. They were held to be essential to the effort and purpose of the government during the prosecution of the War; and we, as patriotic citizens, accepted them without question. But I am one of those who believe that aside from the fundamental laws which provide penalties for the violation of the basic rights between men with respect to life and property, aside from those basic laws, you cannot make men and women good with a straight jacket created by the legislature. (Applause.) It must come from the heart. And I believe we have gone to the extreme under the impulse of the experience we passed through in the Great War of every time we find some little situation or condition that we disagree with in our community, we rush to the legislature; and the states have formed the habit of rushing to the federal government: "Let's pass a law! Let's pass a law! Let's pass a law!" We need,





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not more laws, but less laws than we have, because many of our laws are antiquated, many of them interfere in trivial matters which makes it possible for the citizen to find himself in conflict with the law where he has not in his heart any real, moral turpitude; and that situation has brought about a sort of a disregard for the consequences of conflict with the law. In other words, it is only a few years ago that anyone, man or woman, sitting in this house—and I take it that that is true today, even—but I mean of the average citizen—it is only a few years ago that we would have given anything in the world rather than to walk down the street with a representative of the law, a police officer, or rather than report to the police station or some court for an infraction of the law.

We have built by a multiplicity of laws a multiplicity of opportunity for infraction of minor laws until the citizen has come to feel that no longer is it a stigma, in many instances, to be even fined or to be found arrested in company with an officer of the law.

I believe if we got back to the time when we laid stress in unanimity upon the major, fundamental laws which protect society and put in our efforts in enforcing them, as a consequence we would build again into the fibre and character of our citizenship that respect and regard for the law which would produce voluntary observance of it. And no law can be effectively enforced until the mass opinion of the decent citizenry of a state accept it and are willing to aid in its enforcement.

The county attorney, the state's attorney and the sheriff, when you find them willing and anxious to do their duty, are entitled to the organized support and helpfulness of the better groups of the community, and in that respect you can help.

One of the reasons for the laxity of enforcement of law has been unwillingness, the unwillingness of the citizen to perform his duty with respect to jury service. It has come to be an anathema with most of us, and we are so concerned with our business interests that we feel we cannot take the time to stay two weeks on a jury panel and help the administration of the law in defending its majesty in our community. I tell you, my friends, we have got to get to the point where we feel that we are just as much a part of the state's attorney's office with respect to our duties to the courts and the service upon juries, whether they be grand or petit, with respect to our interest in supporting these officials, as those officials themselves. And when we tie ourselves together in that sort of a community purpose to enforce the law, I want to say to you, my friends, we are going to have the law enforced.

A man is elected to office and he is turned loose. The minute he takes his oath of office, instead of having the active support—the ACTIVE support, I mean—he may have the passive support, because good citizens passively will say, "I hope he succeeds, I hope he becomes a good official"; but actively he doesn't have their support, and the only active evidence that you find is an evidence of a tendency to criticize and he is put upon trial. When he becomes elected to a place of responsibility in the category of law enforcement or any other public position, he is yet nothing still but the man that he was before he took his oath as an officer to the place to which he was elected. He has all the frailties, he has all the limitations of other men. He needs the help and the support of the good people, in an organized way, in his community, and unless he has it, there is little he can do. If he fails, then criticism begins. Instead of constructive helpfulness, there is the predominant disposition to criticize.

Let us have faith in one another. Oh, God, men and women are splendid; you cannot help but love men and women, you cannot help but believe when you come in contact with them with an open mind and an open heart, that down in the heart of every good man and every good woman is the desire to be decent, right and just and have respect for the law! And, my friends, when we understand that and labor together in this great vineyard of progress and helpfulness to society, then we are going to accomplish law enforcement and accomplish it really. (Applause.)

I know of no specific method. I believe that this Illinois Bankers Protective Organization and other groups of the community should take home and discuss some of these thoughts: "How can we help the state's attorney of our county? How can we help the sheriff of our county? How can we help the chief of police of our city?" Let's not stay at home and read the paper and just smile in criticism if he falls down somewhere. Let's see if we cannot help him somewhere, let's put our shoulder to the wheel and tell him that we are with him.

You know, it goes back to politics. Apathy, Jealousy and Politics—that was a mighty good classification Mr. Saunders had. It goes back, I believe, to politics. I believe we are going to have law enforcement when we, the citizens of Illinois and of its communities who want to see decent things, take an active interest in politics, not because somebody comes around to beg and plead with us and to induce us to do it, but because it is a part of the structure of our form of government and because it is our privilege and because it is our duty; and, taking that part, that we earnestly and sincerely, without prejudice, seek to find and help the men and women whom we believe honestly want to be good officials into office; and, after we have helped them into office, without compelling them to go to that great organized vote which can more or less always be controlled and is always counted in the ballot box, make them feel that they have the support of the great, purposeful strength of the citizenry of the community, and if we have helped put them in there, then go to them and say, "We helped elect you; now we want to help you make good; you can call upon us to discharge our duty in any way that we can be helpful to you at any time; we are not going to present an excuse, we are not going to offer a reason to try to evade or to avoid our responsibility in the matter; we recognize our duty, and we intend to do our duty, as citizens, in helping you. And when they call upon us for jury service, it doesn't matter whether it is going to inconvenience us or not, we will serve, instead of finding an excuse for not serving."

Oh, there are thousands of ways that I could suggest where this cooperation could be given and could flow from the better element of the citizenry, not only in the selection of men and women to fill places of responsibility, but in the continuing determination to support those men and women when we have put them in those places of responsibility through doing our part and our duty in the enforcement of the law.

Apathy! This is the thing, I believe, that has produced this crime wave, if crime wave it now may be termed. I believe it is on the wane. I believe our folks are waking up. When they go out day after day in a great metropolitan city like Chicago and in cold blood shoot down the minions of the law, issuing a defi and a challenge to government and to society, they have gone a little too far. That challenge has been and will be taken up. (Applause.) That is the way to stamp it out.

I believe that in the busy development of our commercial





and economic structure we have forgotten some of the essentials, and, by having forgotten them, allowed them to drift out of sight and knowledge of the mass of our people. I believe that one of the ways to contribute to the enforcement of the law is in our civic bodies and communities to discuss the Constitution of the United States. Men and women, the only protection and the only safeguard that we have for either life, property or the liberty of the citizen is comprised and protected in the fundamental legal document of our nation, the Constitution of the United States and of the State of Illinois, and of whatever state we may live in. I believe that if we would school our people in an appreciation and affection and love and knowledge of what the contents of the basic law of the land is and what it means to the protection of the home and the happiness of our people and how important and consecrated a duty it is to preserve it undiminished and untarnished, they would protect and uphold it.

The American Bar Association meeting four years ago in San Francisco did a signal service in this respect. At that time there was a challenge hurled at constitutional government, there was a challenge hurled at the stability of the greatest court in all of the world, the Supreme Court of the United States, because, perchance, in sixty years there had been four or five or six important decisions upon which the court had divided five to four, and it was proposed because of those little discrepancies or happenings that we should destroy the Supreme Court and destroy the Constitution which for 146 years has been the bulwark of decency in our country, the bulwark of right, the basis upon which our great development has been experienced and realized.

When that challenge was hurled, the legal fraternity of the United States, recognizing it, appointed what is known as the American Bar Association Committee on Americanization, and issued a brochure to the people of the United States, calling attention to the Constitution. They chose a text from Proverbs that I thought was most fitting. As I recall it, it reads as follows: "Destroy not the ancient landmarks set by thy fathers." You know, I like to hear that sort of a sentiment talked about in these days of rush and hurry and bustle and speed. The men who framed the structure of American government were living in a time and an era when it was necessary, because of their circumstances, for people to be helpful to one another, when there was not the basis nor occasion for the jealousies and spites that exist in many instances today. And in the clear atmosphere of a recognition of their duty to God and their duty and obligation to one another they formed and drafted the basis of a government which is finer than that of any government in the history of the world. And today it behooves us to go back and appeal to those homely virtues which characterized the men and women who, actuated in that clear atmosphere of thought, builded so wisely and so well.

"Destroy not the ancient landmarks which thy fathers have set."

I think if we would discuss, if we would take time from our business and discuss these principles among our people, teach them in our schools, breed them into the very life of our people, we would have as a result an inspirational purpose and a desire, a mass purpose which is invincible and cannot be destroyed or met successfully, of the psychology of our whole people respecting and appreciating the value of the protection of law and the clean administration of the law through the courts, by the courts having the support of the clean citizenry of the state.

The homely virtues are those which, in the last analysis, are the real and valuable things in human nature and human character, and I believe we can afford to forget some of the grandeur of our achievement. Oh, I am proud of that, as proud as anybody, I don't want you to think that I don't think practically upon those things; we are proud of the great progress we have made in America, we are proud of the fact that we have become the financial center of the world by reason of the inflow into this country of more than \$1,800,000,000.00 of the world's gold supply during the period of the World War. We are proud of the fact that at Broad and Wall Streets, at that corner where George Washington first took the oath as President of the United States, where the Sub-Treasury of the United States now stands—we are proud of the fact that that has become the financial center of the world. We are proud of our great cities and of our transportation system and all of these accomplishments. But, my friends, I believe as certainly as I stand here that they mean nothing and will mean nothing, valuable as they are, to the prosperity, to the contentment and the happiness, in a measure, in a material sense, to our people, they mean nothing unless they rest upon the solid foundation of character, upon the solid foundation of respect for and obedience to the law, which recognizes the duty that we owe to our neighbor and our fellows in respecting his privileges and rights. (Applause.)

And I believe that we could contribute very materially to the enforcement of the law, to the building of that spirit which would make the enforcement of the law possible, by talking of these fundamentals, their value to our people, discussing the Constitution, discussing the law and the method of procedure for the governmental acts and the necessity for the citizen to be ever at hand to support the one upon whom we have placed the responsibility for the enforcement of the law.

I am sorry that in coming here today I was in the situation that I have frankly admitted to you. Time during the busy hours of the last week of the legislature has been exceedingly precious, and as a result I have been unable to prepare any intelligently consecutive line of thought. I have only said to you some of the things that came to my mind as I stood here. I have considered it a pleasure to come here, because you represent a solid constituent part of our state life. Across the counter of the banking room is reached the hand of practically every citizen one day or another of the year who is contributing in any way, however slight or however great, to the building and development of the community. Through that contact, from the banking center, where the advice and suggestions will be received cheerfully and effectively because they believe it comes from a practical source, can be passed out this great propaganda of character building and respect for law in a most effective manner. I plead with you that when you return to your places of business you esteem it a privilege to carry on in these suggestions, in talking with the men who come in to transact business with you, if you have a few moments, about what our constitution and the necessity of supporting our law, means, asking them to spread the propaganda.

I heard Justice Orrin Carter say one time at the meeting of the Fourth Supreme Judicial District Lawyers' Convention at Rock Island that no law can be supported, no law can be enforced, which does not have the support of the public sentiment. And that is largely true. An officer who is trying to pound away and perform his duty without the support of public sentiment in his community is fighting a hopeless and a losing battle.

I think another thing that we might all join in doing is to





discourage this idea of organized minorities which have some little pet theory that they would like to enforce. (Applause.) Going to our legislature and getting a bill passed and seeking to throw the entire force and strength of the law enforcing agencies of the state into one particular little channel has come to be a national indoor sport. I believe, as I said a few moments ago, that if we enforce the major protective laws of the state successfully, we command the respect of our people for the laws (Applause), and build in them a desire and a purpose to respect the law. That means the building of character, and you can never put any man or woman by force into a straight jacket of moral character and make of them that which they would not be out of the volition of their own heart, but you have got to write it on a man's heart to make him a man. Let's build that old theory, "Under God let's make a race of men and women who don't have to be driven like the galley slave, but who march forth in the light of day with a purpose to be clean." Thus we can aid in the enforcement of the law.

I thank you. (Prolonged applause as all stand.)

PRESIDENT HUMMER: Mr. Carlstrom, we pledge ourselves to the support of the splendid theory that you have just advanced. I am sure we all subscribe to it. Thank you for your able address.

Folks, we are just a little ahead of our schedule and I am going to call upon Mr. C. W. Terry of Edwardsville for a brief report in connection with legislation at Springfield in which I might say that we bankers have been interested.

And I do want to say for Mr. Carlstrom's benefit—possibly he already knows it—that I do not think that the Illinois Bankers Association has ever advocated any legislation which could be in any way to at all construed as class legislation for their particular interests. But, nevertheless, the way things are nowadays, we have felt it necessary to be represented at Springfield at different times, and Mr. Terry has represented our Association, together with Mr. Graettinger, in a way that I am sure will meet with your approval, and so I am now going to call on him—Mr. Terry. (Applause.)

### Report on State Legislation C. W. Terry, Terry, Gueltig & Powell, Edwardsville.

Mr. President and members of the Convention: I had no idea of making any report. I have no formulated statement to make to you. What had been determined on by your committee, or the sub-committee, the Criminal Committee, is contained in the printed pamphlet of the report. As a result of being Chairman of that committee, Mr. Graettinger being very busy, as you all know, all the time, but exceedingly busy in anticipation of this Convention and the many other duties resting upon him, and Mr. Boyden, the Chairman of your committee, who has had experience along these lines and who is pre-eminently fitted to represent the Illinois Bankers Association, not only at Springfield, but anywhere (Applause), not being able to be down at Springfield as regularly as he might, the office of Chairman of the Criminal Committee includes looking after some other matters.

The conclusion reached, after due deliberation, so far as helping in the cleaning up of the state is concerned, was that the ranks of crime are being augmented, recruited, from the young, on the promise or the assurance given them by the criminal element that there is large opportunity to rob, to acquire thousands of dollars, perhaps hundreds of thousands of dollars, in securities, in money, and that they probably won't be apprehended, but, if they were apprehended, they wouldn't be tried; or, if they were tried, they couldn't be convicted, the case would be repealed and reversed; and, if it wasn't reversed, still, who should worry? They would be out in a year. And we have had a number of instances of just that happening. In other words, it was the unanimous opinion of the committee and of all the state's attorneys to whom we talked that the penalties for deliberate crime should be increased. By deliberate crime I mean those specifically of burglary with explosives and robbery with a gun, and the Deck Bill was the result, which is on its passage today, together with the Cuthbertson Bill, which provided that in those two instances, burglary and robbery should be added—now, not ordinary burglary, not ordinary robbery, they are left still indeterminate under the Parole Act, but amending Section 1 of the Parole Act so as to add to those four crimes where the jury fixed the sentence, the crimes of burglary with explosives

or robbery with a gun. We believe, and I feel confident that with an opportunity given the states' attorneys to indict for both charges, with several counts in the indictment, if it appears that he was a first offender, the jury can find him guilty under simple robbery or burglary; if it appeared that he was an old offender, they could find him guilty of burglary with explosives, say, or robbery with a gun, or attempted robbery or burglary, under either of those instances, and they could fix the punishment at life, in which event he could not get out in less than twenty years.

It is interesting for us to note, we who have made even a slight investigation of the situation, that so far as organized crime is concerned, it is practically impossible for a man to go straight. It is all sentimental rot about those men who are a part of the organized crime of St. Louis and Chicago and the big centers getting out and going straight. They can't go straight. They may want to go straight, but their associates won't let them go straight, they dare not go straight. If they go straight after they get out, they are under suspicion and the fear that they will be "knocked off," and that is what happens to them, the sporadic criminal, the individual criminal. The Parole Law and the administration of the Parole Law are splendid, but enough instances we know of where the Parole Board has been imposed upon—no charge of inefficiency against them at all, but these organized criminals fixing the alibi at the time the crime is planned, fixing the alibi in the lawyer's office where the crime is planned, and fixing the sources from which money will come if the alibi fails to either impress the Court or the parole bodies, money to be used for purposes of bribery, influence, bringing to bear the best possible kind of influence, coming from honest sources, no one to criticize; but that is the system, and we felt that those two bills would help much toward doing away with that thing. At least, they could be tried out for two years. Now, I don't know whether those bills will pass, we will hear today whether they will or not; there is some opposition to both of them. But, anyhow, they will be on their passage and will have an opportunity. They passed the Senate and are in the House.





There were many other bills that we had up, and I see the next speaker is here, so I will not take your time on that. There were many "come-along" bills, several that we did not even dignify by seeing the persons who introduced them. Those who have had more experience along those lines said that was the way to do, and that is the way we did. There were a number of other bills that were honest but mistaken attempts. We went over those carefully, revised them so that if they did pass they would mean what they were intended to mean, such as, for instance, the Credit Union Bill. After we got that in shape, we did not do anything one way or the other, either in favor of or against its passage, feeling that if the bill passed it was all right. As it was originally introduced, it left the door wide open for embezzlement and for the depletion of thrift funds, thereby discouraging forever those who had participated in that particular thrift movement, and it would have made them condemn building associations and banks and banking and our American System of Thrift that we are trying to inculcate for all time to come. I mention that only as an illustration of many of the bills which we had under consideration and to which we tried to be of some help.

There were a number of others. We suggested a bill introduced by Senator Bailey providing for the revision of the Criminal Code. I believe the Attorney General is in favor of that; I judge that from the splendid inspirational address to which we have just listened. The idea is that of simplifying that Code, making it simple, making it more specific, more direct, and simplifying the procedure, so that we will be more nearly in Illinois as our friends across the Canadian Border are, or in England, doing away with the technicalities that have grown into our system under the decisions of courts and the precedents under the common law, but which are no longer applicable as we believe. I hope that bill will pass. I do not know if it is on its passage in the House. I would suggest this for two years from now.

I want to secondly refer to the statement made by your President that nothing that the Bankers asked for this time was for their own aggrandizement or for their personal benefit, and I think that that is the stand which we should always take, so that when we go to the Legislature—and so far as I know that has always been the policy of this Association—so that when we go to the Legislature, in the future as in the past we can go there with honest purpose, with an honest record, and have the respect, if not in every instance the vote, of all the members of both Senate and House.

I think that in two years from now it would be well if the Bankers Association would start in early in the session and we could accomplish more than was accomplished this year, starting in very late in the session, when the bills get in a jam and there is so much pushing and shouting for passage of pet measures, so that it makes it very hard if not impossible to secure that deliberate consideration that there ought to be of any measure that is presented.

One bill that we had up was that of criminal identification, which we devoted much time to, discussed in connection with the different organizations, all of them, including the labor organization. They were satisfied with the bill and then all of a sudden there was another bill introduced and we were asked to get out of the way and told they would see to it that that bill was passed and put in charge of the Attorney General's office, as our bill provided, following the line of the bills in some nine states, in

Ohio and California and Iowa and other states, and which would supplement the Iowa plan of organization as outlined this morning by Mr. Saunders and with which we are all familiar. We acceded to that request and they assured us that the bill would go through without any struggle, that they had spoken to every member of the House and the Senate and all the leaders, and that it would go through.

For some reason or other they seem to have abandoned that bill. At my own suggestion it passed the Senate. Then I thought they would look after it in the House. Whether they have done so or not, I do not know. If that bill does not pass, I assure you it was no fault of your committee. We did the best we could.

Whether or not much affirmative legislation was accomplished, I can say this much, in conclusion, that there was much good accomplished in preventing dangerous legislation, which would have done nobody any good and would have been a menace to the banking and other financial interests of the state, from passing. I think all of those bills have been killed.

I believe that is all I care to say at this time. (Applause.)

PRESIDENT HUMMER: I am now going to ask our former President, Mr. Traylor, who I think as most of you know is also Second Vice-President of the American Bankers Association, to introduce our next speaker. Mr. Traylor. (Applause.)

MR. TRAYLOR: Mr. Chairman, ladies and gentlemen: When we expect the least, we get the most. I had not expected this very happy privilege. It is a happy one to me for two reasons; first, to again thank you for the many courtesies shown me, and second, because it gives me genuine pleasure to present to you the President of the American Bankers Association.

I suspect that five years ago while Mr. Knox was intimately acquainted with many of the old timers attending the Conventions of the American Bankers Association, he would admit that he knew less of the rank and file in the respective states than he now knows. No man, in my knowledge of the Presidents of the American Bankers Association has so endeared himself to the membership of the Association as has Mr. Knox. That is characteristic. Mr. Knox is a living example of the opportunities of American citizenship. Born in the North of that turbulent little island, the Emerald Isle, an Orangeman, emigrating to the United States at eight years of age, he proves that America is truly the land of opportunity, and his career makes us wonder if our present day American immigration policy is genuinely sound.

There is a coincidence that Mr. Knox told me this morning and had no idea that I would tell here, because I had no idea then that I would have this privilege, a coincidence of Mr. Knox's history in America and that of his father's. When his father landed in America with a family of five children, he deposited all his holdings on the morning after his arrival in a savings bank, and the next day or two afterwards the savings bank blew up and the Knox family were left in America utter strangers without a single dollar. That his son should today head the second largest savings bank in the United States, and the American Bankers Association, is more than an accident and certainly an interesting coincidence.

It gives me now a very extreme pleasure, as it will give you to hear him, a very real pleasure to introduce the President of the American Bankers Association and of the Bowery Savings Bank of New York, Mr. William E. Knox. (Prolonged applause as all stand.)





## THIRTY-FIFTH ANNUAL CONVENTION

### Address

William E. Knox, President American Bankers Association; President Bowery Savings Bank, New York.

Mr. President, ladies and gentlemen of the Illinois Bankers Association: I assure you that this isn't any place for a modest man. I am glad that Mel. Traylor doesn't know any more about me than he does, because if he knew all about me and told it, I couldn't stand here and face any such audience as this. I would be beating it for the tall timber just as fast as I knew how.

I am very glad to come here to get acquainted with the rank and file of the bankers of America in this part of the country. For a number of years while I was active in the affairs of the American Bankers Association I had the privilege of meeting the representatives that you sent to the Council Meetings, and a good many of the men who attended the National Conventions. But it has been a very happy privilege during this last year for me to go around to the various states and to see there the rank and file, the backbone of the banking fraternity of the country. And the more I meet them, the more I see of them, the closer I get to them, the more I am impressed with the idea that they are really among our more substantial citizens, and that they have, by virtue of their position, by virtue of the influence that they wield in their various communities, in their hands a wonderful power for good.

You know, this country is up against a good many problems; problems in the West, in the Middle West, and the far West and in the East are all different. You have your local problems, which, of course, are very near to you. But over and beyond all the local problems that any of us have, there are great national problems, and it doesn't make any difference whether a man is in the Middle West or on the seaboard or where he is, there is this great America of ours which must be first in our hearts, first in our affections, first in our thoughts—that great America for which we must be not only willing to work, but for which we must sometimes be willing to sacrifice our local and personal interests.

It doesn't make much difference where a man was born. That is a mere matter of chance. But it does make a great deal of difference when a man is in this country as to whether his affections are loyally given to this country, whether his support is loyally given to the government of this country. That is what makes the difference, and there are many men of American birth, I am sorry to say, who are not, to my way of thinking, as good Americans as many men who have not had the privilege of being born in this country. "As a man thinks in his heart, so is he," and, judging by some of the things that some of our American-born American citizens have been saying of late years, they are not one hundred per cent Americans, to my way of thinking, not by a very large majority. (Applause.)

There are men, as we know, who don't see anything beyond their own personal and political advantage, and I say to you now, and I say it in all earnestness, that any man who sets personal or political advantage of any kind before his duty as an American citizen to the whole of the country is not worthy of the name of an American citizen. (Applause.)

We have in the big cities, especially those of the East, and in great cities like Chicago, a problem facing us which is the assimilation of the people who have come from the other side of the water, with ideas entirely different from ours, coming from countries where they possibly have been the victims of a good deal

of harsh treatment, coming to a country where they have every advantage and every opportunity, and I suppose it is just human nature that occasionally they should swing away to the other side of the circle and possibly do things that those who have been brought up here under our laws wouldn't think of doing. They come over with all sorts of wild ideas, and, fortunately or unfortunately, the right of free speech that they have appears to many of them to privilege them to say what they please and to do what they please and to advocate all sorts of wild doctrines.

Now, those fellows make a noise, it seems to me, out of all proportion to their numbers. By and by they quiet down as a rule. And one of the reasons that they do quiet down and change their views is the fact that, given an opportunity here to get ahead a little bit, they find when they have become possessed of something of their own that this is a pretty good country after all and that maybe their wild vaporings were not just the right thing.

I can tell you a little story to illustrate that absolutely. A man came into my bank within the last year or two to borrow \$150,000 on a piece of property, and he got it, for it was a safe loan. He was a foreigner. After he had gone out, the broker who brought him in came back to me and said, "I want to tell you about this man." He said, "Twenty years ago he was a writer on a communist newspaper, a foreign language newspaper, and his weekly, daily and nightly amusement was to stand on a soap box on the street corners and to damn capital and to abuse the government and to advocate revolution. Somehow or other he saved up a few dollars and bought a lot over in one of the suburbs of New York and sold it and made a profit. He repeated the operation and made some money, and, to make a long story short, that man today is a large property owner, he has purchased the Communist paper that he used to work on and on which he was one of the most fiery writers, and that paper is today a good staunch American paper that will have nothing to do with Communism or Socialism or anything of that kind, but which, on the contrary, is a conservative of the conservatives."

Now, what changed that man's viewpoint? Simply that he had gotten possession of something that was his and when it came to the actual test of dividing what he had among somebody who had less than he had, his Socialism and Communism went by the board, as it always does.

So, for that reason I say that the banker, the savings banker and the savings departments of the banks are doing a great Americanization work every time they induce a fellow to save a little money, to get ahead of the game, to feel that he himself has a real part in this country and that in that way we are doing just as good a work as anybody else in making American citizens. That we all want to remember.

I bring you greetings from the American Bankers Association. I don't think any of you, unless you have been in touch with the workings of the Association and have managed to get a close-up of it, realize what a wonderful work it is doing. Picture, if you can, twenty-two thousand banks banded together, using the influence that they have and the power that they have for everything good, not only for the advancement of our own profession. I don't know of any time within my knowledge of the affairs of the Association, nor have I read of any time before it, where the American Bankers Association ever advocated any





measure that was not good, first of all, for the country, and after that for the banks; because we realize that only as the country is prosperous can we be prosperous, and we realize further that first and foremost it is our duty to do the best that we can for the country.

So we can pride ourselves, as St. Paul did so many years ago that he was a citizen of no mean city—we can pride ourselves upon the fact that we are members of no mean profession.

In the various departments of the Association, the National Bank Department, the State Bank Department, the Trust Department, the Savings Bank Division, in all of these various departments the men whose interests are along those special lines band themselves together for the particular things that interest them, but they are also willing and anxious to co-operate with the men from all the other departments, giving them the benefit of all the knowledge that they have, of all the experience that they have gained, so that what one knows is at the disposal of everybody else for his information. So we all work together and through the Bankers Association's various commissions we are doing a nation-wide work.

The Public Relations Commission has been for a number of years spreading about through the country the best kind of sound economic doctrine. They have been sending into every hamlet in the United States, to the country newspapers, articles which are eagerly printed by the country newspapers and which go a long way toward counteracting the effect of the wild vaporings of some of our friends who talk so much and who do the best that they can to bring down our government about our ears. In that way we think we are doing a great work.

Through the American Institute of Banking we are bringing up a new generation of young men who shall be grounded in the principles of sound economics and who will be trained bankers, not rule of thumb bankers, but men who know not only the practice of their profession as they get it in their daily work, but who also know the theory of their profession.

And so it is all the way down the line.

Just at present there is meeting in Brussels, Belgium, the International Chamber of Commerce, their Biennial Convention. At that convention we have ten delegates. Mr. Shepherd, the Executive Manager of the Association, has gone on especially to represent the Association. Out of that meeting we expect there will grow some work to be compared with the formation of the Dawes Commission which grew out of the Rome Chamber of Commerce meeting of two years ago, and which has already had a far-reaching effect upon the settlement of the affairs of Europe. I feel quite confident from this Brussels Convention there will also come some constructive work, fathered by American bankers and backed by them, which will go far towards solving the present economic troubles on the other side.

And, if that is so, and if it works out that way, it will react upon our business in this country and we will feel the effects, the good effects, of their work, and we shall all profit by it.

I don't need to enumerate all the things that the American Bankers Association has done or is doing but I just want to say to every one of you that it is at your beck and call, it is at your disposal at any time. If you want advice on legal matters, we have the best equipped legal department in the country, under the leadership of a man who is an acknowledged expert on banking law and practice in the country, Judge Paton, and if there is anything that comes up in your business that troubles you from a legal point of view, just drop him a line and you will get an opinion that is worth while. All those things are for your use

and for your service and we hope that you will take full advantage of them and use them to the fullest extent.

Late in September in Atlantic City we finish fifty years of the existence of the American Bankers Association. We have a Fiftieth Anniversary Committee appointed and that committee has made a suggestion that to celebrate the fiftieth anniversary of the Association we start a foundation fund for educational purposes, the income from which shall be used to send young men or to help young men through college, to help them to major in economics and banking and kindred subjects. We don't propose to pay the way of these young men absolutely, but we propose to pick out bright young fellows in every state of the Union who are headed toward banking as a career and to help them through so that they may get the best possible kind of education along banking lines.

Now, this is not going to be an assessment on the banks. It is to be a free will contribution, either by the banks themselves or by the officers or trustees or directors of the banks, and I hope when the matter is brought to your attention that you will all support it, because we feel that if we can found such a fund as that and make it continuing, we will have a force for all time that will make for the development of better banking, and if every one of the twenty-two thousand banks contribute only a little, we will have a fund the income from which will be worth while.

Now, I have a little message that I want to bring you, and I am going to take the liberty of reading, because when I talk off-hand and without notes, I am apt to wander along and maybe not stick quite close to my text. It is getting late and it is warm and I shall read this just as rapidly as possible.

Whatever degree of success the world democracies have had can be attributed largely to man's inherent desire to be independent and to the leadership of those who fought for this great cause.

The principle upon which this government was founded was independence. That was the great burning passion of our Colonial fathers. In those days, that one word summed up the essence of democracy and provided the theme for one of the most courageous and brilliant pieces of leadership in human history.

It seems to me that there is no need in our national life today more vital than the revival of the spirit of independence; the ability and vision to interpret it in its full significance; and the leadership and common intelligence to make it effective.

Naturally, the primary duty of the pioneers of this country was to interpret independence in its political sense and to design a form of independent government. And the greatest civic duty that we as individuals have to perform now is to live up to the conception of popular government that our forefathers laid down for us a century and a half ago.

Independence at the present stage of development and progress of our national life has another significance in its broad economic meaning. The ability to apply the primary principles of personal economics, and particularly the ability to use intelligently that common thing we call "a pay check," comes as near the bedrock of human progress and independence as any other force in life.

And the one who takes the trouble to think that statement through to its full and logical conclusion will agree, I think, that the ability to manage one's financial affairs successfully is not only in itself a great virtue but is the soundest and most





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practical foundation upon which to build all the other virtues of life and citizenship.

You may call this materialism or call it what you like, the truth remains that if men during the centuries past had been taught and helped to use their money wisely, civilization would be farther along in every line of human effort. Our morals would be just as sound; our religion just as sacred; our ethics just as honest; and individuals would be a great deal more happy and independent.

Bankers should take part in the civic and political affairs of their communities, and I know of no group of people better qualified in experience and influence to help direct these affairs than bankers.

We have entered a new age in American banking. We are adopting new policies and broadening our field of usefulness. The modern banker is the friend of the plain people. He is coming to be an advisor and councillor in their personal financial matters. He is coming, in a sense, to be their father confessor in their most intimate life problems. And this is as it should be. A bank should be a great social influence in the community and the banker a leader for the practical advancement of the social welfare.

I am not advising that the banker get into politics in the general meaning of that term, though it might be a good thing if more of them did, but merely that he use his normal influence to advance the average of common thought and common action in his community.

If I really wanted to accomplish results in politics I had rather be on the local school board than in the state legislature. I had rather help to direct the training of the nation's children than to make the nation's laws. The chief hope of improvement of our political and civic standards lies with public education and not with politicians. If the true political independence of this country is to be preserved, young people must be taught their individual responsibility and civic duty; the purpose of political parties; the object of party government; the menace of the demagogue; the partisan and selfish political organizations. They must be taught that individual responsibility can be met only by intelligent individual thought and action, and in the degree that we multiply blind partisanship, in that degree we complicate our political problems. When our public schools teach the nation's children their full responsibility as citizens, we won't need so many politicians and law makers.

While I have always been an ardent supporter of woman's suffrage, it might be well for the women of this country to ponder the fact that whether fifty million persons vote or twenty-five million, is not the vital thing. Doubling the electorate may merely doubly complicate our political problem. I had rather have the political and civic influence of our American mothers as leaders and teachers in the home, in the schools, and in the women's clubs of the nation than to have their ballots.

But, allowing that bankers, business men, women and others should take an active part in political affairs, I still insist that the greatest problem of independence of the average man or woman has always been, and still is, how to get out of what they earn a good living and a reasonable degree of financial comforts in old age. And the most direct and practical way to improve the citizenship, to teach individual responsibility and civic duty, and the essence of independence is to establish an organized movement to teach the nation's children in our public schools and help working people in American industries to use more intelligently the thing we call "an income."

Good citizenship is so bound up with the economic needs and habits of the people that we cannot maintain a high standard of national life without an intelligent understanding of the financial problems that constantly confront the average individual and family.

In the accumulation of capital in the hands of the masses lies the hope of the true independence of a nation's people, the strength of a nation's economic system, the stability of a nation's government, the elimination of unsound radical tendencies, and the beginning of a permanent settlement of industrial disputes.

Upwards of 35 million people in these United States have incomes under \$2,500 a year, with an average of under \$1,200. The chief concern of these people is, and should be, how to get a reasonable degree of financial independence out of what they earn. And they must figure out their independence on what they actually earn. They cannot count on what they would like to earn or what they think they should earn.

If employers and employees in American industries had spent part of the time that they have used in quarrelling over wages and profits in developing a sound cooperative scheme to help men get ahead on what they were actually getting, the average wealth in the hands of American citizens would be vastly greater and more evenly distributed and we would have come nearer to a solution of industrial controversies than we ever will come by magnifying our differences.

The everlasting controversy of the economic world has been the distribution of wealth. But at this stage of our economic development the most important thing about wealth for employee, employer, and the public is not the method of its distribution, but the proper use of wealth and the ruthless waste of wealth. Moreover, the quickest way and the best way to bring about a more even distribution of wealth is to establish an intelligent understanding of its use and to eliminate its waste.

The waste in American industry and in the use of private incomes in this country represents enough money to give wage earners all they have asked for in their most extravagant demands; to furnish capital larger returns on invested capital; and to save the public untold millions in the cost of commodities.

And this is not merely a loss of those who invest their capital in private enterprises and those who spend their incomes. It is a public loss and a social damage that cannot be repaired. It puts squarely before us a problem of universal economy that challenges the efficiency of our industrial system, the economic intelligence of American citizens, and strikes at the very heart of our economic civilization.

But somehow, this question of how to attain personal financial independence has not been worked out on the principle of individual responsibility.

I should like to see brought together a group of understanding Americans—business executives, life insurance men, bankers, labor leaders, and others, including some women—who would draft a set of principles for economic independence and personal financial success. And if that thing were properly approached and followed through to its logical conclusion, those people would set before the people of this nation a purpose and a need comparable in its influence to the Declaration of Independence itself, and they would go down in history as the greatest benefactors of modern democracy.

This proposal is in harmony with the President's splendid policy of economy in the operation of government, and such a group if called together might well further a movement to extend that policy of economy to the incomes of the common people.





We have heard the strange economic fallacy voiced in recent weeks that personal economy on the part of our people is hurting business. Those who put forth this view have been quoted as doing the more amazing thing of blaming President Coolidge's economy program as being responsible for a slackening of trade. I am willing to go to the other extreme and say that if it had not been for the sound element of economy that the President had brought into the times the nation would now be in danger of a real depression.

Of course, in the first place, in the accusation that Coolidge economy hurts business there was an obvious distortion of fact. The President's economy program has had to do with economy in government, with reduced public expenditures, in order to make possible reduced taxes. But nevertheless, insofar as his sound, sane administration of public business has been copied by our citizens and applied to their personal finance, it has been good for business and not bad.

A major cause of the depression phases of business cycles in the past has been extravagance and waste. Wastefulness in personal habits by our people is a greater economic burden on business than government taxation. On the other hand the foundation of a sound economic condition for the country is the personal economy of the masses of our people—the prudence of the individual multiplied by the millions of our population.

Personal economy means increased savings, means conserved and stored up purchasing power against future needs. Judicious spending, which is just as much a part of thrift as is saving, means a sound, steady buying demand for the staple products of industry.

The recent complaint that economy was hurting business emphatically illustrates again the imperative need of more general, thorough-going public education in economic subjects.

If I were asked to give what I think are the most important economic needs in this country today, I would say: First—the establishment of a course of instruction in public education that would give young people a practical notion of how to start life on a sound economic basis and what the requirements of economic citizenship are. Second—a broad cooperative plan in American industry whereby men and women shall be helped at their place of employment to work out a personal financial program and plan in cooperation with their employer that will guide them toward a definite goal in their money matters and inspire them to strive toward a reasonable degree of financial independence.

One of the foremost thinkers on labor matters in the country, a capable executive and employer of thousands of men, said some months ago: "There ought to be a way for a man to put aside a dollar or two a week now and to get back four or five dollars a week forty or fifty years later. He ought to be able to do this regardless of where he works. If one of our people had saved in this way for a dozen years, and then chose to leave us and take a job some place else, he ought to be able to keep

along with the same scheme. It would pay us or any other firm not only to tell our people about such a plan but to provide a substantial payment to make the plan more inviting."

The present policy in American industry of helping employees with their personal problems is based upon the assumption that they will ultimately become dependent, and, to meet this condition, we provide old age pensions and other forms of charitable compensation. Such provisions are to be commended, of course, in lieu of a practical alternative, but in principle they are wrong and contrary to the purposes of democracy. What we want is an organized plan that will direct working people toward independence, and no system of industry can lay claim to complete success that does not contemplate the financial independence of every employee, according to his ability to earn.

With a broad cooperative plan for systematic saving, looking to the ultimate independence of working people, I think it can be shown that American employees, with reasonable prudence on their own part, can reach a fair degree of independence while they are still working, and at no greater cost to firms than is now required to maintain old age dependents. And here, it seems to me, is the most logical place in our national life to demonstrate the principle of cooperation.

If the solution of our industrial differences in America is to be found and the waste in business and in the use of personal incomes checked, the remedy, in my judgment, must be sought in some non-controversial influence that will command the co-operation of both employers and employees in a common cause. In other words, there must be injected into our industrial policy an additional economic element of mutual benefit and permanent value to both labor and capital, concerned not alone with the amount of wages and profits that are earned but with how these earnings shall be used.

I am arguing for a new economic philosophy; for a positive and not a negative philosophy; I am arguing for a better understanding of common financial problems and more intelligent use of money. I am arguing for the elimination of waste and for an industrial savings policy based upon the principle of independence; a policy that will give the average American a greater incentive to help himself. I am arguing for a new basis of cooperation in industry, for the elimination of poverty, and for a practical demonstration of economic democracy.

When public education teaches school students how to manage their personal affairs intelligently, gives them an understanding of the value and use of money, and provides the means of applying these principles to their every-day experiences in the school; when the heads of firms make it a requirement that every young man and young woman who accepts a position shall be working toward a definite goal in saving money; when banks recognize their full responsibility as economic advisors of the community, we will attack economic illiteracy at the source and begin to save men from the tragedy and embarrassment of financial dependency.

## Thursday, June 18th

Second Session, 2:00 P. M.

PRESIDENT HUMMER: The meeting will please come to order.

We are going to open our session this afternoon with a talk on what becomes of the advertising dollar by Mr. Gaylord S. Morse, Assistant Cashier of the State Bank of Chicago. Mr.

Morse is an experienced advertising man. He has given a great deal of time and thought to this subject. He recently served as President of the Financial Advertisers Association of America, previous to that he had been Vice-President and Secretary, so he





has arisen from the ranks to the top. Mr. Morse also served as Chairman of our Committee on Advertising, and a copy of his report was sent to you. I feel, as I stated this morning, that considerable money is wasted in advertising and I think we are very

fortunate indeed to have Mr. Morse talk to us on this subject. It gives me a great deal of pleasure to present Mr. Morse to you. (Applause.)

## “How About Your Advertising Dollar?”

Gaylord S. Morse, Assistant Cashier State Bank of Chicago, Chicago.

Mr. President and members of the Illinois Bankers Association: It seems quite appropriate that a portion of the convention's time be allotted for the discussion of your advertising dollar, because we have just recently discovered that the members of this Association are spending upwards of \$5,000,000 annually for their advertising.

This figure was rather definitely arrived at through the tabulation of a questionnaire sent to all Association members by a committee appointed by Mr. Hummer.

It was my pleasure to work with that committee and I will attempt to acquaint you with facts as we found them.

The returned questionnaires were not representative of our Association in numbers, but they were representative in that they were returned to us from banks of all sizes located in all sections of the state.

Time will not permit us to dwell long on the various advertising mediums used, for I feel sure you are more interested in knowing how the bankers in Illinois spend their advertising dollar and what they think of their purchases.

We have in our Association 1,793 member banks, and only 6% budget their advertising appropriations.

The banks responding to our questionnaires spent in 1924, 1.37% of their invested capital or 27/100 of their total deposits for advertising.

There has long been in existence an idea among bankers that there is an accurate measuring stick by which advertising appropriations may be arrived at. Some bankers say 1% of their invested capital is sufficient to spend annually, while others seem to think that their appropriation should be based on their deposits, and they say that one-tenth of 1% of their deposits is sufficient. Many banks arrive at advertising appropriations by various methods. It is really not surprising that only 6% of our membership make appropriations because of the many theories advanced on how it should be accomplished.

I have always felt that advertising appropriations should be based first on policy, local conditions, competition, and then on the bank's ability to earn. We can't spend money we haven't earned. Policy, local conditions and competition determine whether a bank *should* advertise, and earning ability should determine the bank's ability to spend.

You will note that I haven't said what percentage of net earnings should be spent for advertising. That's where bank policy comes in again. Average up your advertising expenditures for the past five years, then average up your net profits for the same period. This gives you a picture of the relation of your expenditures to earnings. Determine whether you should increase or decrease the number of advertising dollars you spend, and maintain from that time on about the same relative position, unless circumstances make it desirable to change. Now, let's see how we spent our advertising dollar last year:

Newspapers .....	34.6%
Direct Mail .....	20.8%

Out Door .....	7.4%
Calendars .....	6.7%
Programs .....	5.7%
Novelties .....	3.5%
Premiums .....	1.8%
Window Displays .....	1.6%
Not allocated .....	17.9%

We will take up these various mediums in their order. More than one-third of the amount of money we spend for advertising seems to go to the newspapers, yet you will find a little later on that newspaper advertising does not secure first place in the minds of Illinois bankers, when results on expenditures are measured. This is due of course to the fact that newspaper advertising is difficult to check. Many banks within the last two years have decreased their newspaper space in local papers. I have in mind three county seat communities where banks have eliminated this form of advertising by agreement. I cannot agree with the bankers who take such action, for it is as much a reflection upon their communities as though a group of merchants in the same towns agreed to withhold their business from local banks. Undoubtedly there are still many other communities where banks have taken the same action, but without any gentlemen's agreement. Country newspapers are, of course, receiving higher rates for space than they did five or six years ago. The increases have in every instance been made necessary by increased overhead, and in but few cases are justified through an increase in newspaper circulation. In communities where banks are dissatisfied with their newspaper advertising, cooperative educational copy should be carried. The cost per bank would not be great and the results far reaching. The American Bankers Association is prepared to furnish educational copy gratis to its members and it is deserving of careful reading on the part of the public. I am afraid we are making a mistake in undervaluing the influence and power of the local paper as an advertising medium.

Next, we come to direct mail, for which we spend 20.8% of our advertising dollar. Twenty-four and two-tenths per cent (24.2%) of our members claim that best results are secured through their direct mail campaigns. Direct mail, as you already know, includes a series of letters, booklets or folders conceived for the purpose of developing the business already upon your books and the acquisition of new business. The reason this medium is more popular than the others is because it is checkable if properly handled. Direct mail campaigns to unprofitable checking accounts are productive of excellent results and should always precede initiating a service charge on minimum accounts.

A great many country banks seem to think it quite essential that they make a service charge, because the banks in the larger towns and cities have done so. In my opinion, no bank or group of banks in smaller communities should undertake such a charge until after a very definite campaign of education has been car-





ried on for a period of six months to a year. I appreciate that a service charge will offset the loss on exchange, but I believe it wise to "make haste slowly" in adopting the service charge.

Direct mail is particularly productive of good results in the development of your Trust and Savings Departments. Many banks have practically discontinued their direct mail advertising on account of the increase in the postage rate for circular mail matter, which went into effect the middle of April. A large number of banks have curtailed their mailings and are concentrating their efforts on smaller lists.

Here are some of the results secured by various Illinois banks in treating savings accounts with direct mail campaigns:

#### A HUSTLING TRUST & SAVINGS BANK IN ILLINOIS (Savings Literature)

This banker conducted an "experiment" to see if life could possibly be injected into what he called DEAD accounts. A list of 2,500 accounts was selected. The following check-back was made at the close of six months' treatment, and shows remarkable results for the classification:

Total deposits at beginning.....	\$11,693
(Average balance \$4.68)	
Total deposits at end of 6 months.....	27,228
(Average balance \$10.89)	
GAIN of 132% or.....	\$15,535

By way of explanation I may say that these DEAD accounts were brought in through the offer of several thousand dime banks. They were attractive and went rapidly.

Some of the customers proved satisfactory. Those that did not, and had not made a deposit for more than one year, were used on the mailing list above described. As a matter of fact, these were not even DEAD accounts, but were "never-have-been-alive" accounts.

#### AN AGGRESSIVE TRUST COMPANY IN ILLINOIS (Savings Literature)

This bank worked on a list of 8,182 names, most of them showing symptoms of dormancy.

Total balance at beginning.....	\$328,818
(Average balance per account \$40.19)	
Total balance at completion of year's work.....	641,870
(Average balance per account \$78.45)	
The GAIN in twelve months was.....	\$313,052

This is an increase of 95%.

During the same period the entire Savings Department gained only 10%.

Each dollar invested produced \$62.00 increase.

#### A TRUST AND SAVINGS BANK IN ILLINOIS (Savings Literature)

In one year this bank increased the balances in 1,800 savings accounts 54½%.

The president stated, "We are much gratified at the showing of percentage of accounts closed."

Only 10% of the 2,000 original accounts were closed during the year. This is remarkably low, as the usual percentage of close-outs is approximately 80%. A big per cent of the depositors were educated to continue their accounts.

The actual deposit INCREASE was \$28,114.31, and gains were still developing at the time check-back was made.

#### A LARGE ILLINOIS BANK (Savings Literature)

This bank, for the purpose of testing direct mail, selected a list of 3,000 accounts and divided them into three lists of 1,000 names each.

List No. 1. No treatment whatever:  
LOST .....\$20,978.09

List No. 2. No treatment whatever:  
LOST .....\$31,274.38

List No. 3. Treated:  
GAINED .....\$24,911.00  
Each dollar invested produced \$103.40 in additional deposits.

#### A LARGE STATE BANK IN ILLINOIS (Savings Literature)

This bank treated 1,500 intermittently active and dormant accounts for one year.

Total deposits at beginning.....\$ 58,944.00  
Total deposits at finish..... 117,375.00

INCREASE .....\$ 58,431.00  
Average balance at beginning.....\$ 39.30  
Average balance at finish..... 78.25

INCREASE .....\$ 38.95  
A GAIN ON TREATED ACCOUNTS OF MORE THAN 99%.

#### ONE OF THE LARGEST BANKS IN ILLINOIS (Savings Literature)

5,116 recently opened accounts were included on the mailing list to receive savings literature each month.

Deposits at beginning.....\$231,904  
Deposits at end of 12 months' distribution..... 446,279

An INCREASE of \$214,375, or 92.4%.

The close-outs for the entire Savings Department amounted to 84.3% of the number of accounts opened during the year. But only 48.6% of the accounts in the treated group closed.

There are many interesting phases connected with direct mail advertising that we cannot discuss today, but I would recommend its use to an even greater extent. Arrange your mailing lists and prepare or select with utmost care the material you propose to mail, and satisfactory results are sure to come.

OUTDOOR. A little more than 7% of our advertising dollar is spent for outdoor advertising. This is another excellent medium, but rather difficult to check. More banks are using the billboards and outdoor posters than ever before. This is an expensive medium in the cities, but quite reasonable in cost for banks in smaller towns. The farmer's barns and the side walls of building offer excellent locations for the outdoor signs. The cost is not great, for the signs do not require renewing frequently. The rental of the space is small, in fact in a great many instances no rental charges are made. Unusual care must be exercised in preparing copy for outdoor advertising.

CALENDARS. Six and seven-tenths (6.7%) of our dollar goes for calendars. Practically every bank that responded to our questionnaire spent some money for calendars during 1924. The object of calendar advertising is two-fold. One is to make and hold friendships, and the other is to obtain desirable publicity. The banking business is based on confidence. The successful banker must be well and favorably known. He must





## THIRTY-FIFTH ANNUAL CONVENTION

make friends among patrons and prospective patrons. From time immemorial it has been customary to give presents as evidence of friendship. The Art calendar, if it is the right kind, gives the banker the opportunity to meet his patrons and prospective patrons at a time when business is *not* the main consideration. An Art calendar is accepted as a souvenir and all the time it hangs in the home it suggests the giver.

To a less extent the barn calendar or plain calendar is accepted as a useful present but it lacks the artistic touch of the Art calendar. Both have their place and the wise banker, having a farmer clientele, will use both mediums.

**PROGRAMS.** In Chicago we have formed a wholesome dislike for Program advertising. It has been commercialized by professional solicitors to such an extent that in a great many instances worthy causes sponsoring programs receive but a small per cent of the profits derived therefrom.

It is hard for banks in the smaller communities to avoid program advertising and I believe programs in the average small town carry some value as an advertising medium. There are other ways, however, to spend our 5.7% of our advertising dollar to better advantage.

**NOVELTIES.** Three and five-tenths per cent (3.5%) of our advertising dollar goes for the purchase of novelties. Some novelties carry a real advertising value but a great many do not. I have little comment to make regarding novelties. I have purchased them myself, so have you, and I suppose we always will.

**PREMIUMS.** We find that 1.8% of our dollar is used on premiums. Under this heading we might start a rather heated discussion, for and against, the use of premiums in securing new business. Most of us know of banks that give away as premiums, anything from a package of pins to kitchen utensils. Having had no experience with premiums I am not able to discuss them intelligently.

**WINDOW DISPLAYS.** Here is one of the best and most inexpensive advertising mediums we have, and yet we spend but 1.6% of our advertising dollar for it. Only in recent years have bankers realized that advertising opportunity is presented them through the plate glass. Capitalize your windows if you have them. If you haven't windows that you can put to work, build them. Your window displays can be made interesting, instructive and best of all, productive of new business.

**NOT ALLOCATED.** Almost 18% of our advertising dollar is not allocated among the various mediums. A portion of this 18% was spent for magazine advertising, motion pictures, street car cards, etc. These are of course recognized advertising mediums and their cost should be charged to advertising, but if the truth were known I'll wager we would find many expenditures entirely unrelated to advertising listed in this group, but charged to advertising as a matter of convenience.

You have seen how our dollar is spent, now let us see what our members think of their expenditures. Twenty-nine and eight

tenths (29.8%) of our members admit that they don't know from which medium they secure the best results.

Those who feel that they do know list the various mediums in their order of popularity as result producers as follows:

Direct Mail	Window Displays
Calendars	Programs
Newspapers	Out Door
Novelties	School Savings
Premiums	Street Car Cards

Lobby displays are used by 60% of our members. These displays include slogans, posters, cards, blackboards, bulletin boards, educational matter pertaining to banking, free weighing scales, etc.

Ten per cent (10%) of reporting banks use house organs.

Folders, booklets, blotters, etc., are used by 75% of our members.

Many of our members use personal solicitation, employees' contests, school savings, farm bureau co-operation, insured savings accounts, etc., in addition to their advertising.

About 90% of our member banks delegate their advertising problems to one or more officers. The remaining 10% seem to handle it promiscuously.

I am afraid many of us do not give our advertising problems the time and study necessary to secure the greatest return from our advertising dollar. We must be real salesmen nowadays to get anywhere in our line of business. *We must not ask where our advertising dollars went, we must tell them where they are going.*

Let us look upon Financial Advertising in its true light. Let us know it as the means through which the public is warned of danger and guided toward safety; through which it is both informed and advised; through which it proceeds, in better understanding toward lasting benefit. And having reached that just appreciation of publicity, let us use it as it deserves to be used; controlled by conscience as well as intelligence and for the public welfare.

**PRESIDENT HUMMER:** The Administrative and Advisory Committees of the Association rather felt this year that the Illinois Bankers Association should have a Code of Ethics, or at least we felt that the subject was well worthy of our consideration. In Ottawa, Illinois, there is a prominent banker and attorney by the name of Clarence Griggs who felt the same way about this matter that we did. Mr. Griggs has given considerable thought and time to this subject of a Code of Ethics for banks, and he has very kindly consented to talk to us on this subject this afternoon. Mr. Griggs has been acting as Chairman of a special committee of the Association which was appointed to make a study of a Code of Ethics for Illinois banks. I am very pleased to present Mr. Griggs to you. (Applause.)

### "Banking Ethics"

Clarence Griggs, Director First National Bank, Ottawa.

Mr. President and gentlemen of the convention: My real business is practicing law, but I have been very much interested in banking and I have thought for a long time that we ought to have not only in our county association or federation, but in the state association, a Code of Ethics.

The Code which the Committee has prepared is not an inspiration. Mars, the God of War, sprang from the head of Jove, and Venus, with her immortal beauty sprang from the foam of the ocean; but a Code of Ethics is not quite that spontaneous. It is the result of patient toil.





We found out that in the United States there are just about 100 organizations which have a code of ethics and these ran from the producers, the manufacturers and dealers in peanut butter to the Plumbers Association of Utah. I wasn't able to get hold of the Plumbers Code, but I haven't a particle of doubt that that Code included the Golden Rule, the Ten Commandments and the Sermon on the Mount. (Laughter.) I have often thought that I would like to secure that code of the plumbers and see what penalties they imposed for a violation of the code, and I would like to be the author of a set of penalties for the violation of the code which I know those gentlemen prepared.

Now, every Code has three parts. The first is the Preamble, which is supposed to state the necessity for a code. I have talked with a great many about the necessity of a code for bankers and most of them think that the bankers are a set of gentlemen of saintly character, thorough and complete information on banking methods, and they don't need any code. So in the Preamble to this Code your committee has presented reasons for adopting it.

The second section of the standard codes contains the rules of conduct, and the third section is what is called the Rear Word, which we have treated of in two sentences.

I think that the real thing I would like to talk to you gentlemen about is the necessity of a code, and your committee has endeavored to embody that in what we call our Preamble. I understand that there is plenty of time, and I have to talk until 3:00 o'clock, so I will have more time to devote to the details of this than I had thought I would be allowed.

The Preamble recites that, "Banks, in order to reach their highest state of efficiency, must, among other essentials possess the confidence of the people. That confidence cannot be secured and maintained unless the aims and conduct of the bankers are such as to merit the approval of all just men."

Now you gentlemen who are practical bankers know that there are people in a community who are ignorant of the character, the high aims, the high ideals of the bankers. I remember one time my father-in-law, Mr. Nash, a gentleman thirty-five years older than I, and I were visiting in a New England country place. When this farmer found that I was a lawyer, he immediately withdrew several feet from me, and when he found that my father-in-law was a banker, he put his hands in his pockets and moved still farther away. And so I say that it is well for bankers to have a code of ethics so that people can see what their high ideals are and know that if those ideals are violated, it is not the fault of the banking system, but the fault of the individual who chanced to be in the management of that bank.

The next is, "The Following Code of Ethics is adopted as a declaration of the right principles upon which banks should be run, as a general guide, not going into minute details, nor pretending to be all-inclusive." In the examination of these various Codes we found a number of long-winded statements as long as the moral law, and I was reminded of the story of the man who went up to the hotel and instead of telling the stable man to take his horse out of the shafts and feed him and he would pay him in the morning, said, "Extricate this quadruped from this vehicle, stabulate him and donate him with a sufficient supply of nutritious alms, and when the glow of the morn shall again illuminate the oriental horizon I will reward you with pecuniary compensation for your amiable hospitality." That is the way most of the Codes ran. They ran so long that nobody would take any time to read them. So in this Code we have not attempted to go into those details.

I saw one Code that consisted of two closely written single spaced typewritten pages. Now, in these days, these busy days, we want our reading condensed, we haven't any time to read such stuff as that.

"The name 'banker' must be and remain a synonym and pledge of honor and fair dealing and a concise code may have the effect of impressing the banker with the importance of the obligations of his business."

Now, without any reflection on anybody, I say in all seriousness that none of us is perfect. We know our Bible and we read it frequently, and we know other things that we read frequently, and I think from time to time we might read a Code of Ethics and make an examination of ourselves and see whether we are in fact living up to our ideals. This also gives the community an idea of what the banker expects to live up to, but the real reason, the strongest reason, I think, for the adoption of such a Code is this: "Every bank has its roster of employees, all of whom look forward to advancement hoping eventually to succeed to important positions as managers of the bank, and a succinct code of the ethics of banking ought to be formulated for their careful study and guidance."

Now all you gentlemen have a number of employees. Those young fellows, I know in our bank our President used to sweep out, and all down the line are a lot of young people—we have some girls, too, but we don't expect much of them because they all get married, we are losing one of our best girls now who is entering a new field of endeavor. But I say it is very, very important we educate our young people in the ethics of banking, so that they will know what those ethics are. I don't like the word "ethics," either; I think "standards of business" is a much better expression than "Code of Ethics." They need it. And where do they get it? We don't take them and lecture them and tell them about these things, but if we can place in their hands a succinct Code which they can study and read, they will know the high ideals to which they are expected to conform. So much for the reasons.

"It is fundamental that the banker must understand the basic principles of the banking business and all laws relating to, or affecting, every detail thereof, particularly negotiable instruments." I think everybody would agree with that.

"The first obligation of the banker is rigid obedience to law, whether it be of the nation, state or city, and a strict compliance with the rules of the governmental departments under whose supervisions the bank may be."

Now, we have attempted to set forth in detail the duties to the stockholders.

"The banker is a trustee for the stockholders, to whom he owes obligations of honesty and that careful and constant attention to business which a wise and prudent man would give to the investment of his own funds. Losses suffered by the bank are generally the losses of the stockholders, although oftentimes depositors suffer also.

"To borrowers the banker owes many duties. It is his duty to know the purpose for which loans are sought and to advise the borrower in regard to the matter, especially advising against unsound or speculative investments, and even at times refusing to make loans to a perfectly solvent borrower when entirely satisfied that loss will certainly ensue."

That is one thing for which I have always commended and admired Mr. Hummer. He has the nerve to stand up and advise a customer who approaches him as to whether he shall make a certain investment or not, and I remember one instance where





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there was an oil concern trying to peddle stock around there that Mr. Hummer stopped, even though this promoter threatened him with suit more times than one.

"—and even at times refusing to make loans to a perfectly solvent borrower when entirely satisfied that loss will certainly ensue." That is a hard proposition for a banker to face, when a borrower comes to him to borrow money and the banker knows that the investment proposed by the borrower is sure to be a bad one. I have known men to come into the bank there, perfectly solvent, wanted to borrow so much money to invest in oil stock or some wildcat scheme, and the banker refuses to lend him the money. I don't know, I think you are all pretty nervy, all you bankers, at least I have never found one who wasn't, but if you had this before you it might help; you could say to that man, "It is against the rules of us bankers to lend a man money when we feel sure that he will lose it." There are some things in this Code which I think might help you; you might get behind them in embarrassing situations.

"The money of depositors constitutes a trust fund to be invested in securities which are safe, with a margin of cash or quickly convertible securities whereby the depositor may have his money on call. When a depositor desires to invest his surplus money, the banker should always be ready to advise as to the kind and character of investments wise in the particular case." Well, I won't dwell on that.

"The character building of his employees is not the least of the banker's duties. He should inculcate in their minds honesty, unswerving devotion to the interests of the bank, accuracy, strict attention to their duties, promptness, speed courtesy to the officers and customers of the bank, economy and thrift in their personal affairs, the avoidance of bad habits, careful study of the principles of banking and methods of managing a bank, having in view their possible advancement to higher and more responsible positions."

Here is a clause upon which I don't know whether you will agree with me or not, but it is a result of my own experience: "The banker should interest himself in the civic welfare of his community. He should avoid activity in partisan politics likely to engender antagonism toward his bank. At the same time, where a deep moral question is stirring a community, his stand should be made clear."

Now, I have no hesitancy in saying that I am an old line Republican and personally I can't keep out of politics. However, I think a banker, one in active management of a bank, should be very careful about that. His depositors are Democrats and Republicans and Prohibitionists and they are Catholics and Klansmen and everything else, and I believe that a banker should hold himself aloof to as large an extent as possible from any such entanglements arising out of politics or religious issues.

"Communications between the banker and those with whom he does business, whether stockholders, borrowers, depositors, employees or other bankers should be held inviolate." That is all right.

"Competition with other banks will always exist. The Golden Rule will be a safe guide in the treatment of and dealings with, competitors. Cultivating a spirit of comradeship with other bankers contributes to success in business."

Then we come to courtesy. No use arguing about that, we all know how that pays.

"No banker should use his credit at the bank for the promotion of his own personal business, nor make a personal profit at the expense of his bank."

"Applications for loans by warm personal friends or industries in which he is interested should stand on precisely the same footing as those of others."

That is sometimes a hard thing. When our personal friends apply for loans and we feel that we would like to accommodate them, but it is a loan that you wouldn't make to anybody else. In a case like that I don't know whether this would help, perhaps you don't need it; I am lecturing you gentlemen here and probably there isn't a man in the room who doesn't know ten times as much about banking as I do and ten times as well how to handle all these propositions that this committee is presenting to you.

"The banker should keep in touch with pending legislation and new laws affecting his business, and should interest himself in the advancement of legislation for the improvement and operation of banks. He should keep abreast, by way of attendance upon banking conventions and the reading of banking magazines, with new and improved methods of conducting a bank."

Such papers as you listened to a moment ago are very, very instructive, and you can take that information that you receive home with you and profit by it. As I read the program here I see a number of things which you bankers can take home, problems which have been worked out carefully by one who has made a success of his own business—you can take them home and you can learn from them many things to the profit of your bank.

Every Code has what we call a rear word, which is a sort of punishment for the crime, as you might say, and I feel that something ought to be said here in relation to that. The committee worked this out: "Violations of law may be punished by fine and imprisonment. The only punishment for ethical violations seems to be the loss of the good opinion of our fellow men, which ought to be a most prized possession." That is the only punishment that we can inflict for a violation of an ethical code. For the violation of an agreement entered into between your bank and my bank. We cannot bring a lawsuit, we cannot indict them, but we can punish them by withdrawing from them the confidence which they ought to possess and which ought to be to them their dearest possession.

Now, among other things, we considered also a Code of Ethics for Employees. As I say, one of the chief reasons, and I think the foremost reason for the adoption of a Code by an Association of this kind is for the benefit of the employees. So, while we were on this subject, we decided to prepare a Code of Ethics for the Employees, and we put this in the hands of all of our boys and girls and we think it is something that will be well for them:

"Both outside and inside the bank care and attention should be given to your personal appearance. You should always endeavor to be well groomed; clothing should not be flashy but quiet in taste. First impressions are oftentimes lasting and a bad impression is often created either by flashiness or lack of care in personal appearance.

"Outside of business hours you should be careful to choose good associates only, as you are likely to be judged by the company you keep.

"You should endeavor to be good mixers in the best sense. One of your biggest assets is your acquaintance. In choosing your associates you will find it just as pleasant and infinitely more profitable to mix with those who are your superiors or at least your equals.

"Self-improvement in culture and general information should be your constant aim. Spending too many of your nights in society, at the theater or helping to violate the Volstead Act may





be delightful but does not net you anything except a lessened capacity the following day."

"This does not mean that you should exclude yourself from social intercourse, but the suggestion is that you should be very careful to use a part of your time when away from the bank in improving yourself, acquiring general culture and general information.

"Care of your health is of prime importance not only for the added enjoyment of life but also because it enables you to do better work in the bank.

"While the old adage reads: 'Manners do not make the man,' yet good manners are a big asset not only to you personally but to your bank.

"Endeavor to be on the best of terms with your fellow employees, helping and guiding the less able and less informed.

"Observe the strictest honesty. By this is meant not only that you observe the commandment, 'Thou shalt not steal,' but means also frankness with the officers of the bank, no concealment of mistakes and advising the officers of anything which you think they ought to know, for the good of the bank.

"You should be loyal to the bank, making its success your highest ambition.

"Cultivate neatness, accuracy and speed in your work; these are stepping stones to higher positions.

"Endeavor to acquaint yourself, as far as possible, with the work of those occupying positions above your own, so that you may be considered fit to graduate into these higher positions.

"Make it your daily ambition to learn as much as possible of the workings of the bank.

"Keep your own counsel. It serves no good purpose to talk either at home or elsewhere about what goes on in the bank. You occupy positions of trust and confidence and much damage might be caused if anything concerning the bank or any of its customers became a matter of general knowledge. To be on the safe side, it is suggested that it is just as well not to discuss even with your wives or husbands or sweethearts or friends anything that goes on in the bank. Lack of discretion will constitute a serious bar to your advancement.

"Cultivate habits of economy. There is no time like the present in which to save. While we necessarily must spend some of our income for pleasure, some of us spend too much time and money in having a good time. Extravagance in expenditures reflects upon you personally and costs you the respect and esteem of your friends. It renders you open to suspicion.

"Remember that while people wish to do business with a sound and safe bank, a large proportion of the popularity of a bank is due to the courtesy with which the officers and employees treat the patrons of the bank."

At one time our cashier thought it necessary to advertise that his Directors were men of large means and holders of real estate in the County of LaSalle. Well, I took issue with him on that. I said, "That is a fine idea, but I will tell you that the men behind the counter are the men who make this bank," and I believe that that is the rule everywhere. The customers who come

into the bank and are treated with courtesy and consideration never stop to think of how wealthy the Directors are; they look at your statements but they don't gather much from them, the ordinary reader of the statement, I mean; but if he goes into a bank and is treated with courtesy and consideration and confidence, that customer is bound to stay, and that is my theory of what makes a popular bank, courtesy to your customers. That is one of the things that I want to teach the boys and girls.

"Exert the utmost patience with an uninformed customer. Be prompt to offer advice and suggestions which may be of help to him.

"There should be no smoking during banking hours.

"Be punctual in coming to your work. An hour for lunch means sixty minutes, not sixty-five.

"Occasionally talk to the officers. Ask them whether your work is satisfactory. Ask them to point out wherein you may improve your work."

Now, this little Code we are sending forth on its way and the committee has devoted a considerable time and attention to it and I hope at least that I have convinced you that we ought to have a Code. I want to repeat by saying that we ought to have it for our own guidance and help, but especially we ought to have it for the youngsters. We are not so proud of our work but that we think it can be improved, but we have done the best we can. I don't know what your method is, whether it will be referred or what not, but I thank you for your attention and I am very glad to have been here and hope I may have the pleasure of making another speech sometime. (Applause.)

PRESIDENT HUMMER: If in accordance with your views, I should like to suggest that a motion be made with a recommendation to the effect that this committee be continued by the new administration. It seems to me that that would be proper, and if you feel the same way about it, I would be very glad to entertain a motion to that effect.

It was moved that the convention recommend to the incoming administration the continuance of the Committee on Code of Ethics, with the understanding that they work out a Code of Ethics or Standards of Conduct for the Association.

The motion was duly seconded and carried.

PRESIDENT HUMMER: The next topic on our program is a discussion, "At the Cross Roads—Which Way Shall We Go?" This subject will be led by Mr. L. Walker of Cobden. Mr. Walker served last year as Chairman of his group and as a member of our Advisory Committee. Mr. Walker has an idea or rather has a vision of greater things for the Illinois Bankers Association. He was a member of the committee that was appointed to make an investigation into this question of revenue, and because of the fact that Mr. Walker represents one of the smaller banks in the state, we thought that it would be appropriate that you folks should have his views on this subject, and we have therefore asked Mr. Walker to lead the discussion.

I think undoubtedly at least many of you are acquainted with Mr. Walker. However, it gives me great pleasure to present him to you at this time. (Applause.)

## Discussion — "At the Cross Roads — Which Way Shall We Go?"

Led by L. Walker, Cashier First National Bank, Cobden.

Ladies and gentlemen of the Illinois Bankers Association: This is a subject that I will attempt to put before you, not as a

speech by me, but I expect you gentlemen to take part in this and express your views frankly and freely. I looked this pro-





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gram over carefully and I haven't been able to find any place provided for you to get any subject off your chest that you might have unless you stick it in here, and we will try to have plenty of time for you to do that.

The origination of this idea didn't grow out of this last year's Associational work altogether. The Presidents and the active officers of the Illinois Bankers Association for several years past have realized that we did not have the necessary funds to carry on the things that they would like to do. Mr. Hummer had some great visions at the beginning of his year, as any ambitious executive officer should have, and he didn't get very far with his program until a lack of funds to carry out his plans began to handicap the work.

One of the things that President Hummer inaugurated, I think, in his campaign, that was a little extra to previous years was the taking of the chairman of each group as an Advisory Committee to the Administrative Committee. Now, I am sure that we, as Chairmen of the various groups, have enjoyed very much our association with Mr. Hummer, Mr. Boyden, Mr. Graetinger and the balance of the active force of the Association during the year, and have profited much more ourselves than they have, perhaps, by our co-operation. We have had a meeting once a month, with the exception of one I believe, in the last year, which have been strictly business pertaining to things which I consider of vital importance to the Association. Mr. Hummer appointed several different committees. Among them was this committee, to frame some plan to offer to this Convention, a laying out of a broader activity for the coming years, and a means of providing funds for carrying that out.

Now, Mr. Wirt Wright and myself, Mr. Crabtree and Mr. Rearick and Mr. Telling were this committee. The compiling of this pamphlet, which all of you I presume have a copy of, "At the Cross Roads—Which Way Shall We Go?" was the real effort of Mr. Wright and Mr. Graetinger and Mr. Hummer. The other members of the committee were glad to co-operate in helping in any way we could on this, but the real work has been done by the gentlemen mentioned. It is a lengthy suggestion of plans, and I will not attempt to read it all, I will not attempt to cover all these subjects in here; and I will say to you frankly it is not our intention that all these various subjects shall be carried out at once, or in any given year, or that any of them shall be carried out. They are offered for consideration of our successors in office and our committees, and I will not attempt to call attention to each one of them.

I will say that one of the first things that appears on this program is the matter of protection. Now, I remember clearly the meeting at which we were when this subject reached, I will say, the climax, and we came to the conclusion that we must do something in the State of Illinois for the relief of banks from bank robbery, hold-ups, etc. After listening to Mr. Saunders' address at the Mid-Winter Meeting it was unanimously agreed that if we could secure that gentleman and start a campaign in this state, it would be a wonderful thing for the State Association to do and it would be a wonderful thing for the banks of the state if it were carried out.

Most of us were feeling pretty good about that until we looked seriously at Mr. Hummer and we saw his smile had disappeared entirely and he stammered a little bit and he said, "Well, that is all mighty fine, gentlemen, but we are out of money now, the budget has already been absorbed and all the available funds taken."

Then we proceeded in about three-quarters of an hour, perhaps eighty minutes as the boy said, trying to figure out some plan to get out of that hole, and I want to personally give Mr. Stevens of Chicago—I believe he is Chairman of the Cook County Bankers Association—the credit. Mr. Stevens seems to be a resourceful gentleman and has had many years of experience, and at his suggestion the request was made that every bank, regardless of size, location, tightwad or spend-thrift, be requested to chip in ten dollars to see what could be done with this program. And some of the committeemen present seemed to think that we wouldn't get many dollars that way; they seemed to think that some of the big city banks would feel that it would be all right to ask the country banks to come across with ten dollars. Now, I am not much of an optimist, I am more of a pessimist; my principal duty is passing on loans and I have to look at the blue side of things. The other fellow always has a nice story to tell and I pick it to pieces and then if there is anything good left, maybe he gets the loan. But I was optimistic on this thing from the very beginning. I thought they would raise a lot of money in the State of Illinois; and they just about doubled my expectations. A great many more of the banks came across with the ten dollars quickly than I expected myself, and I believe that every member of that Advisory Committee of the Association will agree with me on that one subject, that the bankers of Illinois contributed liberally to this one thing. And if Mr. Saunders, Mr. De Voursney, Mr. Garrison, Mr. Schlener and some others have toured this entire state and succeeded in starting the organization of a protective program in every county outside of Cook, which seems to be big enough to handle a great many of its own problems, and we are hoping they can handle the burglary proposition, I am sure that there is not a banker in the sound of my voice, whether or not he gave his ten dollars, who would dispute the great good that came out of that.

Now, personally, I want to say to you that the ten dollars that I gave was about the least thing that I did in the carrying out of the program down my way. There are fourteen counties in my group down in Southern Illinois, one of the poorest places on the face of the earth. We don't deny it, and everybody who hears about it agrees with us on that. (Laughter.) And some of these counties have as many as three banks in the county all owned by one man, and I think the total deposits would perhaps run \$250,000 in the biggest one of them. But they came across with their ten dollars and they came across at Mr. Saunders' meetings and agreed to do their bit in trying to carry out the anti-robbery campaign. And since coming to this Convention I learned that one of the bankers in one of the smallest counties in my group and one of the very hardest to get to, we had to make two trips there before we finally organized that county and one adjoining county with it—that the banker who seemed to nibble at this proposition with about as much care as a two pound bass does on a dead bait has succeeded in capturing a Kentucky bank robber; so after he had gotten his nerve worked up, he was willing to even help and assist a sister state, and if a robbery happens down in our part of the state and he heads for Gallatin County, I would advise him to be careful which side of the town he goes in on, because they have already got the reputation of capturing them.

Now, I think, that is one of the things that proves that perhaps what I am saying to you is absolutely useless, the matter of the necessity of broadening the activity and asking for more funds to broaden it with, that the liberality with which you contributed





this ten dollars and the great good that apparently you can see has already come from so small an amount as ten dollars from each bank in the state in really getting an enthusiastic meeting in every county in the state—if it accomplished nothing more than the getting together of the bankers of these counties and listening to the plans as explained, along with several other things that have been mixed and mingled at those meetings, it shows that the money was not spent amiss.

Now, I have been in and about the office in Chicago quite a good deal during the past year and I say that Mr. Graettinger has an economical plan; it is so thoroughly instilled into him to get the most service out of a dollar that he possibly can, that we can safely trust to his care such increase in dues as we may see fit to concede, that it will be well spent, for the benefit of this Association, in my opinion.

This protective program has been started on its way over the state. I don't think that anyone in my hearing will think for a moment that it is more than just started. It must be pushed along until it is thoroughly organized and until it is working thoroughly and until it is absolutely proven that we are getting results.

Mr. Saunders explained to you this morning that apparently the decrease in bank robbery has already shown up in percentages and in the number. It is possible that the weather has been so very warm for the last three weeks that the bank robbers have not felt like pursuing their campaign. That might be one of the reasons why the percentage is in our favor at the present time. But it will require funds from somewhere to keep the protective campaign moving along, and I am sure that we will all agree that the work that has been carried on up to this time is worth its cost.

The matter of legal advice for the Association is one of the subjects that is mentioned in this prospectus here. I have an idea that if more of the banks, especially the small banks of the state, which do not have an attorney retained, would cultivate and consult the legal department of the State Association, they would get advice that would be worth several times over what their Associational dues cost them.

The insurance plan as furnished by the Illinois Bankers Association, the Bankers Mutual, it is a separate corporation, but we must admit that the State Association has a responsibility to keep it in existence, and while it stands on its own bottom from an expense standpoint, at the same time if it did not have the assistance of thoroughly capable men furnished by the membership of this Association to help it along, without pay, the cost of insurance would be much greater than it is going to be under the plan that should be carried out.

The agricultural program of this Association I am sure in my group has been seriously neglected. The interest in agriculture for the last four years has been such that a man owning a farm was almost ashamed to admit it, because the only satisfaction that a lot of them have had out of the farms, if they had an income from somewhere else, has been that they could ease down their income tax by charging the loss on their farm. I speak of that knowingly, gentlemen. I have had the pleasure of operating a farm that belongs to the bank (Laughter), and I have had the satisfaction of hoping that in about four or five years maybe I will be able to pay to the federal government the amount of income tax that it has failed to get for the last three. I am not a farmer myself, but we have an excellent man on the farm, and it has been impossible for him to make it earn expenses, not to say interest on the investment, not to say taxes or anything

else; we just had a nice, raw charge-off each year, and we don't know but that we will have another one this year.

So I say to you folks that from the agricultural standpoint the farmers are disgusted, and they have a right to be. But if they remain in the condition, continue to remain in the condition that they are now, it is only a matter of time until the bankers know where they will go, they know that the mail order houses, the railroads, the telephone companies, the public service corporations and all these other things are bound to stand their pro rata part of this loss sometime or other if conditions for farming communities are not improved in some way. And I think that the co-operation of the Illinois Bankers Association with the Illinois Agricultural Association and the Farm Bureaus and other allied interests to help the farmers—and when I say that I believe that in the State of Illinois ninety per cent of the bankers in the State of Illinois are almost directly interested in farming; they may not know it, but you have all heard that story of the man who got into the silk business and got in quickly. When the banker refused to make a loan to the silk merchant, he said, "All right, you are in the silk business; proceed with the business." And I believe that a lot of you will be in the farming business, just as he got into that silk business; so if you are not now farmers, you may soon be.

The agricultural part of this thing will necessarily require activity of a county federation, it must come from that; and if our county federations are to function as they should, we are going to have to have some enthusiasm and pep put into our federation from the Illinois Bankers Association through a special Secretary, for which position we have an excellent man; he has been with the Association for several months now, and the last time I talked with him he was very much discouraged. I told him if he continued on the job about five years and didn't see some sign of improvement, then he might become discouraged. It takes a long time to get a bunch of men as mature as the average banker is to take any interest in anything new, and I am fully aware that all of us now have many more things to do than we can possibly do. But out of all the banks in the state we should find some director or officer or employee of a bank who could be picked out particularly to give some attention to this agricultural subject. I know some of you are in banks that are too large to drink that in, but one of the metropolitan papers says that the town I live in is a "wee town" down in Union County, and we don't disagree with him, so I know that I am close enough to the farmers to know that we could well afford to give some time to them, and if we do that, we must have the support of the State Association, given to us by men who are capable, men who know what they are doing, and the kind of programs that should be handed out to us to carry on.

The legislative program. I think you heard this morning from Mr. Hummer and others that the Illinois Bankers Association does not care for selfish laws for its own individual benefit, but laws that will be wide in their scope, that will help businesses, that automatically will help banks, and desires to keep down the passage of unnecessary laws or laws that just some few people think they need and need badly. And that will necessitate during the session of the legislature the keeping of competent men down at Springfield. The so-called lobbying, we don't call it that, but it is closely related to it; and our man necessarily has to be on the ground to keep in touch with the situation and know the things that are going on, and it will require money to do that.





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Publicity. I think that Mr. Garrison in his publicity of our protective program has demonstrated beyond doubt that the bankers, if we would advertise through the press generally some of the things that we are doing, not for our direct good, but for our indirect good and for the good of the people who are not in the banking business, if we would follow that up with a capable man, as we have been able to employ during these few months with this special ten dollar fee, there would be great good come out of that publicity to the banker. Take the 1900 banks of the State of Illinois and take a very small proportion of the amount of fees that each one would pay in for the general publicity of a news item of some kind concerning banks, and get it in the daily papers with circulation of millions, it would be read by more people than all the advertising that we might put in under nice cuts, quarter pages in some of our country papers, where they read maybe three or four of the big words at the top of the ad and they don't read the rest of the thing at all. But if you can get it into the news item or get it in as a publicity man might, you get a lot of advertising out of it. You take the thing that has come out of the publicity of this Protective Program down in our county. We made an effort to organize early. We got a good photographer, had the photograph of some of our town guards taken, and I think in every paper I have picked up for the last two or three weeks I have seen the town of Cobden mentioned, and I wouldn't be surprised to see them come down sometime and see just how big a town we are and see that we are really on the map—like the story we heard over at the Smoker last night about the Scotchman, what a really and truly hard time they had in deciding that he was a Scotchman. But we have had publicity out of it, so much so that if it had happened in the case of one of the big banks here in this city or over in Chicago, it would be worth about \$100,000 in advertising to them.

The American Institute of Banking is another thing that is a wonderful instrumentality for good. If there were some funds in the state Association's treasury to have gotten back of that program this year, I think it would have been a great thing; but that is one of the things that the committee had to pass up, that is one of the very first things we agreed we didn't have any money for.

Bank advertising. We hear that at every convention we attend and from every advertising man who comes along we hear extensive things on that. I think that if this Association would analyze a lot of the advertising and get it to us through the county federations in combined forms, we could get a lot of our advertising much more cheaply than we are now getting it, and get real results out of it. I think that is one of the things that the county federations ought to consider, and, of course, that will be an indirect reflection of the general plans that can be carried out from this increase of activities of the Association.

The matter of bank buildings and vault construction. Now, most of us have a bank that has been running for twenty or twenty-five years and we figure that bank building will last always. I know five or six years ago the income tax questionnaire asked what was the possible life of our bank building, and I didn't give much thought to it, I just offhand said, "Well, I guess it is about 100 years," and I didn't think any more about that thing at all until after I listened to Mr. Archibald Harris telling about how long a bank building possibly will last, stone or frame buildings. I have been thinking a lot along that line from time to time since then.

Another thing brought it forcibly to my mind about a year or a year and one-half after that, I went up on the roof one day to see if it didn't need painting and I found the bricks had begun to fall out of the fire-wall up on the side of it and the first thing I knew we had spent five hundred dollars for repairs on a building we thought was going to last for a hundred years. I have come to realize and think that thing over seriously and to conclude that possibly fifty years is the maximum life of the average bank building throughout the country.

Now, that being the case, there are a number of you who are going to rebuild as time goes by and you ought not to do it through some personal whim without giving it careful consideration and careful thought and studying it over, and I think that this Association could have quite a number of plans for small country banks drawn for small expense, and, if necessary, send a man who makes it his business out to talk to you, or that you could go into the office and talk with him and get ideas about it. A lot of us want to build new vaults or buy new equipment. That is one of the things that I have been convinced in my connection with the Association during the past year; if I were going to buy a new safe or burglar alarm or new equipment of that kind, I wouldn't do it at all without first consulting the information that they have on file in the Office of the Association. I don't mean that they are going to recommend any particular safe or manufacturing concern, but they have the data there that will enable you to help decide a lot of these questions yourself, and it will not cost you any more than the expense of a trip over to the Association Office.

Now, that is one little subject that may be insignificant to the average member, but it is one of the things that our committee thought well worth mentioning.

The matter of accounts and records. I have been in the banking business about twenty-five years myself and I have seen the time when I felt that I was capable and competent to act as accountant in a small country bank. I had a good system twenty years ago, I know I did, it stood the test over a long period; but there is a lot of that system that is out of date. I know it. I am not going to change that plan readily myself, because it takes a little time for an old dog to learn new tricks, but there are hundreds and thousands of new plans that are on the market today; they have some good points, but maybe I haven't time to look them over thoroughly; maybe I do. I think that it would be a great thing for each banker in this state, especially the small banker, to have some man whom they could consult on a lot of these new so-called up-to-date plans and things for the benefit of banks, and it wouldn't require more than a few dollars for this Association to accumulate a great lot of knowledge on those things for us to consider. It would be one thing that I would bring to your attention in connection with this plan.

The field representative. We have found from experience that from time to time for several years the Association has saved a little money by sending a field man out to talk to us. Some of us have gotten benefit out of that; others have not. I think that that direct contact with the members of the Association and having a man to give them an idea of what this Association is trying to do would be worth a great deal to the members.

Now, as I said to you at the beginning, this pamphlet, we don't propose that you should swallow this whole thing, we don't propose that you swallow any of it unless you do it of your own free will and with your own careful knowledge, but what I do want you to do is to give a careful study to the things as laid





down in this. I judge that this was offered at every one of the group meetings, perhaps all of you here attended one or more of the group meetings and are already sold on this proposition as thoroughly as I am.

The dues and schedules proposed in this, as I understand, are to be based on total resources instead of total capital and surplus. I think myself that that is a better way to raise the dues. There are a lot of banks that have been fortunate in getting a small capital a good many years ago in a town that has grown and the capital hasn't, but the surplus has increased wonderfully. They are doing a big business and can well afford to pay more dues on the basis of their total resources. In some places, where the law required that a bank should be capitalized for \$25,000 and the town has grown smaller instead of larger and their dues are based on a capital and surplus, it is really harder for them to pay the amount now than it was when they started out several years ago. So I think that is one thing that I heartily agree with, this committee's recommendation that the method of figuring the amount that should be paid by the banks be based on the total resources instead of on the capital and surplus as it now is. I figured this matter with our bank would mean about ten dollars a year increase in dues, as we recommend in this pamphlet. Our total resources are approximately \$400,000; our capital is \$25,000; undivided profits are perhaps about \$15,000. Now, it would not mean more than ten dollars a year increase for us, and we gave our ten dollars freely and willingly this year extra for this protective program and we know that we have been well paid, we have been repaid many times over already for the additional amount that we have paid out.

I have not myself been able to talk with any of the small banks down our way that have any complaint to make against the raise in dues as we proposed. I have found since this protective program has been in active process of formation down our way a number of banks that had a very faint idea of the great number of things that the State Association was doing for them—and that is one of the reasons why I say that with some more money to give more publicity to the things that we are doing, put field men out to tell them of the things we are doing, or to chase a man out to help them out of some of their problems, as was suggested by Mr. De Voursney at one of the meetings that I attended—one man asked him really and truly what he might do for their bank in case of an emergency. Well, supposing his safe should be blown all to smithers and his reserve gone entirely; he necessarily needs some cash at once to start business with and he necessarily needs a safe to keep it in, and, the Department not being as excited as the people on the ground, could think of a lot of those things that they would immediately see were done. Your correspondent, if he heard about it, might do that, but the State Association can immediately get in touch with your correspondent and let it know what your situation is and what your conditions are so that it can offer help in the matter.

The Association, as I understand it, keeps itself in position at all times to immediately ship you a safe for emergency use. I think it has three or four concerns that will furnish a safe on a very few minutes' notice, it has one ready to ship out to you, so it doesn't need to interfere with your business. That one thing alone is worth a lot of dollars, to know that you can get that without having to go through the process of being held up by some safe company and put under obligations to it to buy a certain kind of a safe that you don't want at all.

There are a number of other things, things that the Association is now doing and that our membership doesn't know about, and

I perhaps could go on and talk to you the rest of the time allotted to me on these various subjects, telling you of the things that I do know the Association is doing that are good and the things that it might do; but I am only allotted so much time here to lead the discussion on this subject and I have tried briefly to go over this pamphlet as submitted. I think Mr. Hummer covered the thing pretty well in his address this morning, the things that we would like to see done by the Association, and I think that now is the time for any member of the Illinois Bankers Association present who wishes to express himself on this proposition, either for or against it, to speak up. As I understand it, this will be handled by the proposed amendments to the By-Laws, which will be submitted to you this afternoon for action and it will be a matter for you to vote on with the seriousness that you are really and truly changing the plans of running this Association, and if you have not posted yourself already on what you are going to vote on, you have about thirty minutes now to get ready to intelligently vote.

Now, I don't want you to take this stand when you come to vote on this proposition. I don't want you to vote against it because you don't understand it. I want you to understand it, and if there is anyone in the audience who can make you understand it, if I cannot do it myself, Mr. Graettinger or Mr. Hummer or some of us, we will at least do everything in our power to get you to see it.

I would now like to hear from some of you as to what you think of the plan as submitted here, "At the Cross Roads—Which Way Shall We Go?" We cannot stand still; we are either going to do less than we are doing or we are going to do more, one of the two. Will someone in the audience volunteer to start the discussion?

MR. ISAAC N. POWELL: I have been very much interested in the talk that Mr. Walker has made, and I feel that we owe him a vote of thanks for the very intelligent and painstaking way in which he has set it forth.

Personally, I have had contact enough with the Association to feel that when those who are responsible for its activities come to us with recommendations, I favor them. I think that we are particularly fortunate in the times, especially those which are setting in now, that we have had the Directors of the Association that we have had this year. If President Hummer were not present, I would say a great deal. While he has had much help and assistance, it manifestly is the result of the very capable and painstaking leadership which he has given the Association that we have made the splendid strides we have made this year. (Applause.) I know that what he has done and the way he has aided the Association has not been accomplished without the cost of great discomfort to himself and to his family, not without sacrifice to his business, and with nothing for him to place to his credit save the achievement of a duty well done.

As Mr. Walker talked here I was going back over my own experiences in contact with the Association, and it occurred to me that its activities are responding to a more comprehensive plan. Its communications are timely and to the point. It indicates they are leading, and that is what we want. You can pick out any one of their bulletins, I don't care which one it is, gentlemen, select your own, and it is worth twice the cost of membership in this Association. I know of several. We all know in our work that the vitals, the fundamentals of a banking institution are its loans, and the first and most comprehensive suggestion that I have seen that you could pass around to your organization has come from this association during the past year. It may not have





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fit every identical case, but it could be adjusted readily to your particular needs. That is the kind of leadership we want. We don't want painted ships on painted seas; we want ships that sail the seas and deliver the goods.

We have too much education and too little capacity in business. We are getting so that we read something and come to believe it whether we know it is a practical point or not. There are a lot of space writers who write for bankers' magazines. The most dependable source of information for bankers today is your Association periodicals and their Bulletins. That is one reason why the deluge of stuff that comes to every bank, even if you read it, wouldn't do you any good, and that is one of the reasons why, gentlemen, we ought to triple these dues if it is necessary.

I would like to go ahead and give credit where credit is due. Men work long hours without anybody knowing anything about it. They come here with a brief report that may represent hours and hours of labor, and we do not get an opportunity to gauge the work that has gone into it, the research, the investigation, the integrity, and if they need money for organization, personally, I am in favor of it, and I hope you gentlemen are also.

He mentioned insurance and he mentioned Mr. Saunders' work. Mr. Saunders' work can be forgotten if we will pay some attention to the bulletins which they send out. We have saved in our own banks considerable money by consulting the Association on insurance. We have had insurance men advise us, but, gentlemen, we didn't get the application of it, — and we thought we knew something about it, but we had more practical wisdom and advice given us by that Department than we got from any other source, and some that we paid very handsomely for.

I did not intend to say anything, but I really believe that we would not be what we profess to be, fair dealing men, if we didn't give a little credit to these men who, at the sacrifice of comfort, have labored as they have labored for this Association. If you don't believe they have labored, wait until some of you get into the job. As I said before, I think President Hummer and his associates have accomplished hugely for the good of banking in Illinois. (Applause.)

MR. WALKER: Thank you very much, Mr. Powell.

I have one or two names here that I know have been actively connected with the Association for a long time and have some ideas about what it requires to run it. Mr. Crabtree of Jacksonville, I would like to hear from you. (Applause.)

MR. CRABTREE: Mr. Chairman and gentlemen. I was thinking as the last speaker was talking of the growth of this Association. When I first became interested in the Illinois Bankers Association, the Secretary was the cashier of a Chicago bank. The office of the Association was located at his desk in the bank. I was Vice-President, as I remember it, when the first full-time Secretary was appointed. And now as I look back I can think that in that day we hardly knew what we were doing, but we were trying to advance, and as we have advanced, during that period of twenty years in which I have had more or less to do with the Association, I have seen almost invaluable assistance, pecuniary assistance, if you please, come to the banks of Illinois through this Association. To me it has been a school of education, it has been a safe basis, for when our bank wishes to find out how to do something, we can write to the Association and always feel sure that we are going to be repaid for that membership. I have seen times in the lives of banks that they would get information that saved them money enough to pay the dues for a period of years.

We were told this morning by a speaker that the hand of every man in the community sooner or later passes across the counter of a bank. That being the case, and the banking business developing as it has during the past ten years, the banker's responsibility increases with that confidence which the customer places in him, and it is up to us to keep ourselves alive, to keep ourselves educated and wide awake to the needs and requirements of the day, — and you men know that the needs of banking have changed materially during the past ten years. Intercourse with each other in attending these meetings and in going to the office and in writing to our officers, etc., where we get this information, where we get inspiration to go back home and put into practice what we have learned through the Illinois Bankers Association, all this is of inestimable value. We know that if we deliver service that service costs money, and we know that the Illinois Bankers Association is an organization of service, just exactly that, an organization of service to us. We get many times each year out of the organization value received for what we pay in. We, as bankers, should not be penurious in delivering service and we should not be penurious in putting up our money for that service. We know the value of it to ourselves and to our customers. We talk it all the time.

Mr. Powell spoke of the leadership, he spoke of Mr. Hummer's service. Yes, and that I believe goes back all through the history of this Association, where these men have given their time freely. This Association has developed leaders, if you please. A leader, you know, is a man with a compass in his head and a magnet in his heart, and that is the kind of men that this organization is finding by reason of this Association, men who will be worth something to the community in which they reside. I am willing to trust these men who have made a careful study of this, and I, for one, wish to support this movement of giving to them ample funds with which to conduct our office, that it may be a credit and benefit not only to us, but to the country at large. (Applause.)

MR. WALKER: Is Mr. Appel of Highland Park in the room?

MR. APPEL: Mr. Chairman and fellow members: I take the responsibility of speaking for the committee for banks in Lake County when I say to you that if we have arrived at the cross roads, we are not going to stop for a paltry ten dollars. There are many substantial reasons why we should support this enlarged plan of operation, but if there were none, there is the one sentimental reason, as I see it, why we should support it. This piece of work is the creation of our outgoing President. I doubt if there is a man who has held this office who has devoted the time, made the sacrifice and given it the thought that he has. We should show our appreciation, if nothing else, for that reason; and so far as I am concerned, if there were no other reason, I would support this scheme, because it is our friend Hummer's baby. (Applause.)

MR. WALKER: Members, there is one thing that really makes me smile, to report to you that Lake County has 24 members and 24 banks contributed the ten dollars to our protective appeal. (Applause.) You know, that is one thing that I believe in, giving people credit for the things they do. If a bank has the nerve to come out and contribute its ten dollars and get its name posted in this Bulletin, it is a nice thing for the county and a nice thing for every bank in that county, and it is with profound regret that I cannot say so much for my own little county. I am sorry to say I still have one bank down in my county that is not even a member of the Association. I have made the proposition to give it ten dollars if it would join the Association. I guess it knows more about the business than I do.





Mr. Moore of Cowden.

MR. MOORE: The association that we have had in the last year on the activities of the Illinois Bankers Association has accomplished one thing that is worth while. As Mr. Walker has stated, I had no idea of the service that the Illinois Bankers Association has been giving to the bankers of the State of Illinois until I was given the opportunity of going into the office and working with Mr. Hummer and Mr. Graettinger and his assistants. Through my contact with these gentlemen and with the activities of the Association I was given a greater vision and it created in me a desire of wanting to be of greater service to the Illinois Bankers Association. I am sure of one thing, that the bankers of Illinois have had a precious diamond within their possession, and it has just begun to be polished up. We do not realize the wonderful service that the Illinois Bankers Association can do for the banks of the State of Illinois, which has been demonstrated to us by the liberal response of the banks in this recent campaign of this protective committee. And I do believe if you will make a canvass of all the banks of this state who have not contributed to this work, you will find them mostly in the same position that I was in a year or so ago. We did not know what we owned, and I think it is only a question of not being able, on account of a lack of funds and the means, to sell our Association to every bank in the State of Illinois. I am thoroughly convinced that this is one duty that we owe to the banks of the State of Illinois, to sell the Association to every banker, because we find when these things are presented to them and they are shown the real service that is being rendered, there is no question about the loyal support that we may have and a consequently greater service that we will be enabled to render.

As has been mentioned a number of times, when they are shown the service, the financial side of the matter can't be under any conditions considered a barrier to membership. Take the service that was rendered to the banks of the State of Illinois by the Illinois Bankers Association on the tax question, the income tax proposition. We are not contributors to this Association; we are indebted the amount that we have saved on that one activity to the Illinois Bankers Association, the most of us, for the rest of our lives, so that it isn't a contribution, but it is payment for a service that has already been rendered, and it is a means, the only means we have, in fact, of expressing our gratitude to the men who were instrumental in bringing those things about. As loyal supporters of this work, it would be a very questionable act and would lend nothing to the dignity of this Association or the profession to which we belong were we to stop now, after the services that have been rendered. It only gives to me a vision of the greater things that are in store for the bankers of the State of Illinois if they will only give the office the financial support that it needs and give these gentlemen the latitude to give expression to the ideas that have originated in this work.

I am heartily in favor of this work, and I have not the language to express to you gentlemen the great anxiety that we have that we get behind the Association of the State of Illinois and get greater results. It is for us and it is in our hands, and not in the officers' hands, for the Illinois Bankers Association to go forward so that the United States will know that we have one of the greatest Associations in any state in the Union.

I thank you. (Applause.)

MR. WALKER: Gentlemen, there is one little thing I want to call your especial attention to that I think is a most wonderful thing that has been done by one of the committees during the

past year. That is the analysis of bank earnings, expenses, dividends, etc. If you are too busy to digest this yourself, you surely have some assistant cashier or bookkeeper or someone connected with your institution and if you will call his attention especially to that, it will be a great service rendered to your own bank. It is in this little pamphlet on committee reports; do not hesitate to call his especial attention to it if it hasn't already been done in your banks.

Now, we have only a short time left for a discussion of this and I would like to hear from the man who has really done more than any other one man in the preparation of this plan as offered to you here, Mr. Wirt Wright of the National Stock Yards National Bank at East St. Louis, an ex-President of your Association and well known to practically all of you. Mr. Wright is in the room. We have him in a pretty well plastered up cast, but he will talk to you a little, I know. (Applause.)

MR. WRIGHT: Mr. President and Mr. Walker. I hadn't expected to say anything unless some objections developed. This seems to be a good deal of a love feast. What little artillery I had I was meaning to keep in reserve for some fellow who might get up from ambush and try to start something. That hasn't been done as yet.

It seems to me that the arguments have been complete and conclusive so far and there is very little more to be said. I do want to just call attention to one of your committee reports. If there is an argument against this matter, it is the argument that we ought not to turn over too much money to an organization. There is always the chance for waste if inefficiently directed. There is always more or less sentiment in the minds of people who have private enterprises that we mustn't turn over too much money to a purely altruistic organization over which we are not going to have direct control.

In the report of your Committee on Bank Advertising they sent out a questionnaire and received reports from 161 out of nearly 1800 banks in the state, and those 161 banks spent for advertising of a character which they didn't have the nerve to explain and called it "Not Allocated," a total of \$91,000. One hundred and sixty-one banks in the State of Illinois spent for advertising that they didn't know about or couldn't explain as much money as this plan asks for for the entire use of the Association. It seems to me that is answer enough. You know this has been the goal of this idea, that if this Association expects to be a real Association, it must continue to grow.

Your very active, energetic President talked with a friend or two in August of last year and he got a prompt affirmative response. Then he tried it out on his Administrative Committee and he received a unanimous vote. And then it was reported to the Executive Council and he got a unanimous approval. And I understand every group in the state has expressed at its meeting its approval of the plan, and I rather think that leaves it up to us as we vote on these amendments which are now to be presented to vote a most hearty and resounding "aye." (Applause.)

MR. WALKER: Is there anyone else of the members, especially anyone who would like to say something against it?

MR. STARR: I believe that a good many bankers in the State of Illinois do not really know how much money they are making in their business and where their profits are and where their losses are. We cannot over-estimate the value of adding a little to our assessment and getting things from this Association that are most thoroughly important to us. In our bank we didn't know exactly how much we were making, and so we hired the firm





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of Lybrand, Ross Bros. & Montgomery of Chicago to make a careful analysis of our bank and see if we knew just exactly where we were making a profit and where we were losing. They came out there with six men and make a careful examination and figured the thing up carefully and this is what they found out. We have about eight thousand checking accounts in our bank, and we found that on two-thirds of those accounts we were actually losing money and on about one-third we were about running even. That is a pretty serious condition, and I think if you people will analyze your accounts, you will find that there are a large portion of your accounts where you are losing money every day and they are a great expense to you.

Now, in regard to the analysis of the accounts, we were told that every account of the sixty-eight per cent were generally small accounts that ran under an average of fifty dollars a month, so we got to work in Rockford and formed a combination with the other banks and issued a little circular from the Clearing House Association telling people of the facts, that we were losing money and that hereafter we would not open an account for less than fifty dollars, and if in the month's business it averaged less than fifty dollars we would charge fifty cents for that month as a service charge.

Now, of course, those small accounts were very much broken up about it and they came in and said they were poor people and so on and so forth. But the funny thing of it is that a great many of those accounts that were closed at that time are now coming back and they say that a current account is worth fifty cents a month, and a good many accounts are paying that each month, we are running about \$300.00 a month on those service charges and people are becoming more and more accustomed to it and don't object to it at all.

I think we should put this money in here. The Association is always willing and glad to help, and it would be a good opportunity for some of you bankers to find out where you are losing money and where you are making it. (Applause.)

MR. WALKER: We have used up all the time allotted to us for this subject. I am sorry if there is anyone else who has something to say that we won't have the time for it, but I will have to give way to the President. I thank you for the attention you have given me and the gentlemen taking part in this, and I want to express my personal thanks to Mr. Wright for the great time and attention that he gave to getting this form properly drawn up for submission at this meeting. (Applause.)

PRESIDENT HUMMER: Folks, we are now going to ask you to listen attentively while Mr. Graettinger reads a number of amendments to the Constitution. Some are not of vital importance, but we think that they are necessary; and among these amendments will be covered the question of change in the membership dues. It is necessary to read these and Mr. Graettinger will read one at a time and wait a moment or two for objections, if any. Then we will vote on all of them at once. As soon as we are through with this we have a treat in store for you, so if you will just kindly listen to this, we will vote on it as soon as they are through being read.

Hereupon Secretary Graettinger read the following proposed amendments to the constitution and by-laws embodying the few minor changes suggested by the Executive Council.

### PROPOSED AMENDMENTS

Amend sub-section (b) of Section 1 of Article II of the constitution so that the same shall read as follows: (New matter in CAPITALS.)

"(b) Any bank, trust company, banking firm, individual doing business as a bank, or federal reserve bank, located outside of the State of Illinois, and any corporation, firm or individual dealing in bonds, mortgages or commercial paper, or any chapter of the American Institute of Banking, may become an associate member of this Association upon approval of the Administrative Committee and the payment of such annual dues as shall be provided in the By-Laws. Associate members shall be entitled to enjoy all the privileges and courtesies of the Association, including its conventions, group and county meetings, SUBJECT TO SUCH RULES AND REGULATIONS AS MAY BE PROVIDED, except the right to vote, to hold elective office or to participate in the protective work of the Association."

Amend section 3 of Article II of the constitution, so that the same shall read as follows: (Matter to be stricken out in *italics*.)

"Section 3. The active members of this Association shall be divided into ten groups, according to such geographical divisions as the Executive Council shall direct. *(and from the dues paid by each active member, one dollar (\$1.00) shall be set apart to maintain the respective group to which such member may belong.)*"

Amend section 1 of Article III of the constitution, so that the same shall read as follows: (New matter in CAPITALS.)

"Section 1. The officers of this Association shall be a President, a Vice-President, a Secretary, ONE OR MORE ASSISTANT SECRETARIES, and a Treasurer."

Amend section 2 of Article III of the constitution so that the same shall read as follows: (New matter in CAPITALS.)

"Section 2. The administration of the affairs of this Association shall be vested in an Executive Council composed of thirty elected members, and the following ex-officio members: The President, the Vice-President, THE TREASURER, the ten Group Chairmen and the ex-Presidents of this Association."

Amend section 3 of Article III of the constitution so that the same shall read as follows: (New matter in CAPITALS.)

"Section 3. No person shall be eligible for election to any office (except that of Secretary OR ASSISTANT SECRETARY) in this Association or as a member of the Executive Council unless he shall be eligible to be a delegate as provided in Section 2, Article VI, and should any officer (except the Secretary OR ASSISTANT SECRETARY) or member of the Executive Council cease to be eligible as above provided, his term of office shall immediately terminate."

Amend section 4 of Article III of the constitution so that the same shall read as follows: (New matter in CAPITALS.)

"Section 4. The President, Vice-President and Treasurer shall be elected at each annual convention of this Association and shall serve until their successors are elected, unless their terms of office shall be sooner ended by ineligibility, expulsion from office or other cause. Nominations for these offices shall be made from the floor of the convention by a Nominating Committee to consist of one member from each group—such member (and an alternate) being elected at the annual group meetings; provided, that under the regular order for the election of officers, any delegate may place in nomination any qualified person for President, Vice-President or Treasurer. The Secretary AND ASSISTANT SECRETARIES shall be elected by the Executive Council at its first meeting after the annual convention of this Association, and shall serve during the pleasure of the Executive Council."

"The members of the Executive Council representing the groups shall be elected in the following manner: Each group at its annual meeting shall elect one member of the Executive Council."





cil to serve for three years; the term of office to begin with the first meeting of the Executive Council held after the close of the annual convention of this Association, following such election. The Secretary of each group shall certify these elections to the Secretary of this Association. In case any group shall fail at any time to elect one member of the Executive Council, then any delegate at the annual convention of this Association may nominate from the floor a candidate or candidates for this office, providing that each nominee shall be a person eligible to be a delegate from the group that has failed to make its election. Each member of the Executive Council shall hold office until his successor is elected, unless his term is sooner ended by ineligibility, expulsion from office, removal from the group from which elected, or other cause. Any vacancy in the Executive Council shall be filled at a meeting of the group from which such vacancy occurs.

"All votes for the election of officers or members of the Executive Council shall be viva voce unless otherwise ordered."

Amend section 5 of Article III of the constitution so that the same shall read as follows: (New matter in CAPITALS.)

"Section 5. No officer of this Association (except the Secretary OR AN ASSISTANT SECRETARY) and no member of the Executive Council shall succeed himself in office."

Amend section 4 of Article IV of the constitution so that the same shall read as follows: (New matter in CAPITALS.)

"Section 4. The Treasurer shall receive the annual dues and receipts of the various departments of this Association and shall pay out moneys only upon vouchers drawn by the Secretary, OR AN ASSISTANT SECRETARY, and countersigned by the President, or in his absence by the Vice-President. He shall make a full report of receipts and expenditures to the annual convention of this Association and shall furnish a bond to be approved by the Administrative Committee."

Amend section 5 of Article IV of the constitution so that the same shall read as follows: (Matter to be stricken out in *italics* and new matter in CAPITALS.)

"Section 5. The Executive Council shall have charge of the general business of this Association, arrange for all meetings, appoint and discharge the Secretary or other employees at its discretion, ESTABLISH SUCH DEPARTMENTS AS MAY BE FOUND DESIRABLE AND SUPERVISE THE BUSINESS THEREOF, (*supervise the business of the various departments,*) and shall have power to appoint committees for special purposes. The Executive Council may delegate to the Administrative Committee any of its duties of administration."

Amend section 1 of Article VI of the constitution so that same shall read as follows: (New matter in CAPITALS.)

"Section 1. Each active member shall be entitled to one delegate TO REPRESENT IT at each meeting of this Association. No delegate shall represent more than one member and no voting by proxy shall be permitted."

Amend section 2 of Article VI of the constitution so that the same shall read as follows: (Matter to be stricken out in *italics* and new matter in CAPITALS.)

"Section 2. A delegate must be an officer OR director (*or trustee of the corporation, of the Chapter of the American Institute of Banking or a member of the firm which he represents*) OF AN ACTIVE MEMBER."

Amend Section 1 of Article VII of the constitution so that the same shall read as follows: (Matter to be stricken out in *italics* and new matter in CAPITALS.)

"Section 1. The President, the Vice-President, THE TREAS-

URER, the THREE last living ex-PresidentS, THE TEN GROUP CHAIRMEN AND ONE PERSON (ELIGIBLE TO BE A DELEGATE) TO BE APPOINTED BY THE PRESIDENT AS A MEMBER AT LARGE, shall constitute the Administrative Committee. (*and*) THE ADMINISTRATIVE COMMITTEE shall have entire charge of the affairs of this Association during the intervals between the meetings of the Executive Council, AND SHALL HAVE ALL POWERS AND DUTIES OF ADMINISTRATION VESTED IN THE EXECUTIVE COUNCIL NOT PERFORMED BY SAID COUNCIL, NOR EXPRESSLY DELEGATED TO THE ADMINISTRATIVE COMMITTEE, NOR OTHERWISE ESPECIALLY PROVIDED FOR BY THE COUNCIL. THE ADMINISTRATIVE COMMITTEE SHALL MAKE A REPORT OF ALL ITS PROCEEDINGS TO THE EXECUTIVE COUNCIL AT ITS MEETINGS FOR APPROVAL."

Amend Section 2 of Article VII of the constitution so that the same shall read as follows: (Matter to be stricken out in *italics*.)

"Section 2. The Administrative Committee shall appoint annually a standing Protective Committee of seven persons (*whose names shall not be made public.*) This Committee shall have charge of any action looking to the detection and prosecution of persons attempting to cause or causing loss to any member of this Association by burglary, robbery or fraud. (*To carry on this work it shall be authorized and have power to establish and administer the Protective Department under such rules as it may prescribe, subject to the approval of the Administrative Committee.*)

Amend section 1 of Article I of the by-laws so that the same shall read as follows: (Matter to be stricken out in *italics* and new matter in CAPITALS.)

"Section 1. The fiscal year of this Association shall begin (*July*) JUNE first."

Amend section 1 of Article II of the by-laws so that the same shall read as follows: (Matter to be stricken out in *italics* and new matter in CAPITALS.)

"The (*annual*) MEMBERSHIP dues shall be payable SEMI-ANNUALLY on July first AND JANUARY FIRST of each FISCAL year and the Secretary shall ON SUCH DATES make a draft upon each member for the respective amount due. Any member failing to pay the (*annual dues*) SECRETARY'S DRAFT within fifteen (15) days from date THEREof, shall be dropped from the list of members, but may be reinstated by the Secretary upon (*full payment of dues within the fiscal year*) APPLICATION."

Strike out all of Section 2 of Article II of the by-laws reading as follows:

("Section 2. The Annual Membership Dues shall be as follows: For active members having capital, surplus and undivided profits of less than

\$ 100,000 .....	\$ 20.00
100,000 and less than \$ 150,000.....	25.00
150,000 and less than 250,000.....	30.00
250,000 and less than 350,000.....	35.00
350,000 and less than 500,000.....	45.00
500,000 and less than 1,000,000.....	60.00
1,000,000 and less than 2,000,000.....	85.00
2,000,000 and less than 5,000,000.....	110.00
5,000,000 and over .....	160.00

For Associate Members.....\$10.00")

and substitute therefor the following:





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"SECTION 2. THE ANNUAL MEMBERSHIP DUES SHALL BE AS FOLLOWS: FOR ACTIVE MEMBERS HAVING RESOURCES OF LESS THAN

\$ 100,000 .....	\$ 20.00
100,000 AND LESS THAN \$ 150,000.....	25.00
150,000 AND LESS THAN 250,000.....	30.00
250,000 AND LESS THAN 500,000.....	40.00
500,000 AND LESS THAN 1,000,000.....	50.00
1,000,000 AND LESS THAN 1,500,000.....	60.00
1,500,000 AND LESS THAN 2,000,000.....	70.00
2,000,000 AND LESS THAN 2,500,000.....	80.00
2,500,000 AND LESS THAN 3,500,000.....	90.00
3,500,000 AND LESS THAN 5,000,000.....	100.00
5,000,000 AND LESS THAN 7,500,000.....	125.00
7,500,000 AND LESS THAN 10,000,000.....	150.00
10,000,000 AND LESS THAN 12,500,000.....	175.00
12,500,000 AND LESS THAN 15,000,000.....	200.00
15,000,000 AND LESS THAN 20,000,000.....	250.00
20,000,000 AND LESS THAN 25,000,000.....	300.00
25,000,000 AND OVER .....	350.00

FOR ASSOCIATE MEMBERS..\$25.00";

Amend section 3 of Article II of the by-laws so that the same shall read as follows: (Matter to be stricken out in *italics* and new matter in CAPITALS.)

"Section 3. Members joining the Association after (*January first*) THE BEGINNING of any fiscal year shall BE REQUIRED TO pay (*as*) dues for (*the balance of such year the following proportion of the regular annual dues applicable in each case: After January first...one-half; After April first...one-quarter*) ONLY THE PROPORTIONATE PART OF SUCH YEAR."

Further amend Article II of the by-laws by striking out all of Section 4 which reads as follows:

("Section 4. For the purpose of raising and maintaining 'The Protective Fund' as provided in Section 2 of Article VII of the constitution, there shall be appropriated and placed in such fund, out of the annual dues received from each active member, the sum of Ten (\$10.00) Dollars, or such proportion of the dues paid by each active member joining the Association after the beginning of any fiscal year, as the sum of Ten Dollars will bear to the whole of the annual dues applicable to such member.")

Amend section 2 of Article III of the by-laws so that the same shall read as follows: (Matter to be stricken out in *italics* and new matter in CAPITALS.)

"Section 2. The Executive Council shall furnish and send to each member a REPORT of (*the annual year book containing a full report of*) the PROCEEDINGS OF EACH annual convention."

Amend section 1 of Article VII of the by-laws so that the same shall read as follows: (Matter to be stricken out in *italics* and new matter in CAPITALS.)

"Section 1. ANY DEPARTMENT or (*standing*) committee of this Association may make requisition in writing to the Executive Council for such funds as may be required from time to time, but no DEPARTMENT OR (*standing*) committee shall have power to expend any money except such as shall be appropriated by the Executive Council for the use of such DEPARTMENT OR (*standing*) committee."

Further amend the by-laws by renumbering Article IX, ARTICLE X and inserting the following new article to be known as ARTICLE IX:

"ARTICLE IX. SECTION 1. EACH MEMBER OF THE ASSOCIATION SHALL BE PRIVILEGED TO REGISTER AT ANY ANNUAL CONVENTION ANY NUMBER OF ITS OFFICERS, DIRECTORS AND EMPLOYES, OR THEIR IMMEDIATE RELATIVES ACCOMPANYING THEM, UPON PAYMENT OF A FEE OF FIVE (\$5.00) DOLLARS FOR EACH PERSON REGISTERED. OF THIS AMOUNT FOUR (\$4.00) DOLLARS SHALL BE TRANSMITTED TO THE CHAIRMAN OF THE GENERAL ARRANGEMENTS COMMITTEE OF THE LOCAL ASSOCIATION OF BANKS IN THE CITY IN WHICH THE RESPECTIVE CONVENTION IS BEING HELD AND ONE (\$1.00) DOLLAR TO THE SECRETARY OF THE ASSOCIATION. THIS FEE SHALL NOT APPLY TO MEMBERS OF THE ASSOCIATION LOCATED IN THE CITY WHERE THE RESPECTIVE CONVENTION IS BEING HELD. ALL OTHER PERSONS APPLYING FOR THE SOCIAL PRIVILEGES OF ANY CONVENTION MAY, AT THE DISCRETION OF THE SECRETARY OF THE ASSOCIATION, BE ENTITLED TO REGISTER ON THE PAYMENT OF A FEE OF TEN (\$10.00) DOLLARS, ALL OF WHICH SHALL BE TRANSMITTED TO THE CHAIRMAN OF THE GENERAL ARRANGEMENTS COMMITTEE.

"Section 2. EACH MEMBER OF THE ASSOCIATION SHALL BE PRIVILEGED TO REGISTER AT ANY ANNUAL GROUP MEETING ANY NUMBER OF ITS OFFICERS, DIRECTORS AND EMPLOYES, OR THEIR IMMEDIATE RELATIVES ACCOMPANYING THEM, ON PAYMENT OF ONE (\$1.00) DOLLAR FOR EACH PERSON REGISTERED, WHICH SUM SHALL BE TRANSMITTED TO THE SECRETARY OF THE GROUP FOR THE PURPOSE OF HELPING TO DEFRAY THE EXPENSES OF SUCH MEETING. ALL OTHER PERSONS APPLYING FOR THE SOCIAL PRIVILEGES OF ANY GROUP MEETING MAY, AT THE DISCRETION OF THE SECRETARY OF THE GROUP, BE ENTITLED TO REGISTER ON THE PAYMENT OF A FEE OF ONE (\$1.00) DOLLAR."

The Amendments as read were adopted by unanimous vote.

PRESIDENT HUMMER: A former member of the Illinois Legislature, a former State's Attorney of Cook County, twice Governor of Illinois, and now Junior Senator from Illinois, United States Senator—such is the record of Hon. Charles S. Deneen. Senator Deneen is going to talk to us this afternoon on, "The Increasing Burden of Taxation." I do not think that any further introduction of Senator Deneen is necessary. I feel that you all know him. I think we all feel he is our friend, and we are well acquainted with him. I do think, however, that it is a particular privilege that we are this afternoon to have him as our guest and speaker, and it is indeed a great privilege and I consider it an honor to be able to present him to you at this time. (Applause as all stand.)





# “The Increasing Burden of Taxation”

Hon. Charles S. Deneen, U. S. Senator from Illinois, Chicago.

Mr. Chairman and members of the Convention: I want to thank the Chairman for this very kind introduction and all of you for this greeting.

I was asked some time ago to take a place on the program and one of your officers was kind enough to suggest to me the subject that I was to present; at least, I thought he was very kind at that time. But after I began assembling the data and formulating my speech upon the increasing burden of taxation, I wondered whether I could present it in any reasonable time. Then I determined to reduce it to writing. So for the sake of clarity as well as brevity I have done so. But after arriving here this afternoon I don't know just what I ought to do. I have prepared a speech and given it to the press and I will be nearly compelled to read it. I will have to or I will be speaking until after the shooting, and so if you will just bear with me, I will read my speech. I have endeavored to cover the case and to present the salient facts.

Lord Bryce, in his “Modern Democracies,” points out that whereas a century ago, the proponents of popular government believed that the most important effect of popular government would be a reduction of the tax burden, as a matter of fact, the history of the past century has shown the contrary to be true. As Lord Bryce observes, never in the history of the world has the burden of taxation lain so heavily on the taxpayer. Even before the world war, government receipts and expenditures were rapidly mounting into higher and higher figures. During and after the war, however, government expenditures increased at a rate hitherto unknown. A brief reference to the total tax bill of the nation should serve to give us perspective on the tax burden.

The total tax bill of the nation, including that of the federal, state and local governments, in 1890 amounted to \$875,000,000; in 1913, to \$2,194,000,000; in 1919, to \$8,034,000,000 and in 1923 to \$7,716,000,000. The total tax for federal state and local purposes had increased 350% from 1913 to 1923, while the population during the same period had increased only about 14%. During the same time, the valuation of wealth rose about 80% and the wholesale price level rose about 50%.

These totals do not give us an accurate picture, however, because of the difference in the purchasing power of the dollar in the different periods. Taking 1913 as a basis, and expressing all figures in terms of the purchasing power of a dollar in 1913, the total amount of tax receipts, from all sources, in this country, has grown from \$1,080,000,000 in 1890 to \$2,194,000,000 in 1913; to \$3,900,000,000 in 1919; to \$5,689,000,000 in 1921; to \$4,739,000,000 in 1922 and to \$5,010,000,000 in 1923. It thus appears that a very rapid increase in the total tax burden has taken place within the last decade. In view of the fact that all taxes must ultimately be paid out of income of current or past origin, an even better picture of the burden of taxation can be realized by expressing the ratio of taxes to national income.

On this basis, taxes represented 7.2% of the national income in 1890; in the two decades previous to 1913, national wealth increased more rapidly than did taxes and in 1913 the ratio stood at 6.4%. During the war, however, the tax burden began to grow more rapidly than national income so that in 1919, the ratio was 12.1%; in 1921, it had increased to the unprecedented ratio

of 16.7%; in 1922, it had declined to 12% and in 1923, to 11.6%. Thus, about  $\frac{1}{8}$  of the national income goes toward the support of all governmental agencies as compared with  $\frac{1}{16}$  before the war.

The war has placed such a heavy burden of federal taxes upon us that we are inclined to think that the federal government is the only agency by which taxes can be reduced. As a matter of fact, this is not true. Before the war, state and local governments levied 70% of the total tax bill of the nation. During and after the war, federal expenditures mounted at a rate hitherto unknown, while local governments were called upon to curtail their expenditures. As a result, during this period, the chief burden upon the taxpayer was placed by the federal government. In 1922, however, the federal government had launched its policy of retrenchment while the state and local governments had launched a policy of lavish expenditure. As a result, the federal portion of the tax bill had shrunk in 1922 to 40% of the total and it seems a fair prediction that this percentage will continue gradually to diminish.

## FEDERAL EXPENDITURES

Since taxation is a device for raising funds for necessary governmental expenditures, the first step in a sound taxation policy is an analysis of those expenditures. So far as the federal government is concerned, by far the larger portion of expenditure is for the purposes of war, national defense and the expenses resulting therefrom. If we add the expenditures for the maintenance of the War and Navy Departments, the interest on the public debt, the sinking fund charges and the cost of the Veterans' Bureau and pension disbursements, we find that 78.76% of the present expenditures of the federal government goes for these purposes, while only 21.24% is spent for civil requirements. From such a classification, we have the following table:

### CLASS 1

War Department .....	10.62%
Navy Department .....	9.01%
Sinking Fund and Other Debt Requirements.....	10.89%
Interest on Public Debt.....	28.56%
Veterans' Bureau .....	12.49%
Pensions .....	7.19%

Total .....78.76%

### CLASS 2

Trust Fund Investments.....	.95%
Indians .....	1.22%
Refunds .....	4.17%
Good Roads .....	2.15%
Operations in Special Accounts.....	1.33%
All other Expenditures.....	11.42%

Total .....21.24%

The largest items of federal expenditure at the present time are for the payment of interest and sinking fund charges on the public debt. Before the war, our national debt was a comparatively negligible factor, amounting to about \$1,000,000,000. In 1919, the federal government found itself face to face with a national debt of \$26,000,000,000. Never before in history had any government been called upon to face such a tremendous financial





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obligation. On the 4th of March, 1921, the public debt stood at \$24,000,000,000, of which more than \$7,000,000,000 were in short time obligations without provisions for payment. Under the masterful leadership of Secretary Mellon, these obligations were funded into easy payments extending over a long period of time and the debt has been reduced to approximately \$21,000,000,000.

The policy of the Secretary of the Treasury was consistent with the traditional policy of our government. Governmental finance must be sound if business and private credits are to flourish. A debt-paying program is the only consistent policy to follow. It was the policy established by Alexander Hamilton, the first Secretary of the Treasury, when the cry on every hand was for repudiation.

There are outstanding debts due our government from foreign governments which, with accrued interest, amount to more than \$12,000,000,000. Great Britain, Finland, Hungary, Lithuania and Poland have already made funding agreements for the payment of their obligations, extending over a period of 62 years, and negotiations are pending with other debtor nations for the payment of their obligations to this government on long-time periods. Our country has not shown herself to be an unreasonable creditor in the negotiations of these settlements.

Governmental expenditures incident to the public debt constitute approximately 40% of our total federal expenditures. The remaining expenditures which go for national defense and in payment of war charges cannot be greatly reduced without a substantial reduction in the Army and Navy or a repudiation of our system of veteran relief, neither of which would be approved by the country. Some reductions are being made in these expenditures through the agency of the National Administration, and under the leadership of President Coolidge, such reductions will doubtless continue. The same policy is being applied to all other expenditures of the Federal government. The enactment of the National Budget Law has aided in this reduction.

During the fiscal year 1921, the federal government spent more than \$5,500,000,000; during the fiscal year 1924, this had been reduced to \$3,500,000,000, and during the same period, there was a reduction of the public debt of more than \$3,000,000,000. This means a reduction in the annual interest charge of about \$134,000,000. In addition, 40% of the amount of foreign debts due us by our former allies is in the process of liquidation. These payments by foreign nations, together with the proper sinking fund charges, will in due time supply the treasury with sufficient funds for complete liquidation of the national debt. All of the foregoing has been accomplished in spite of the fact that federal taxes were reduced twice during that period. The nation can well point with pride to this remarkable record.

### FEDERAL TAX REDUCTION

Another reduction in federal taxes is to be considered by the next Congress. The following are the facts which bear upon it: In 1922, the surplus in the treasury amounted to more than \$314,000,000; in 1923, it was in excess of \$310,000,000. It is one of the principles of sound finance that governmental revenue should approximately balance governmental expenditures. The surplus has been consistently applied to the public debt but with the provisions already made for payment of the national debt, there is no necessity for such a surplus. In the fiscal year 1924, the Federal Treasury had a surplus of more than \$500,000,000, notwithstanding the tax reductions of the previous year. This tends to confirm the Administration's estimates and make necessary further reductions to maintain the advantages of the national

budget system. For, after all, taxation is only a means of securing necessary governmental revenue.

As far as the federal government is concerned, the demands of war finance are being met. We have a huge national debt—the debt is being paid. The ordinary expenses of the government are being reduced. The budget system has been put into effect. The federal treasury is yearly carrying a substantial surplus. It follows that a general reduction of direct federal taxes should be made and tax reform should accompany tax reduction.

### STATE AND LOCAL EXPENDITURES

A much more serious problem confronts us, however, in the field of state and local taxation. While the federal government has been decreasing its expenditures and lowering its taxation rates, the state and local governments have been increasing their expenditures and raising their rates of taxation. At the present time, 60% of the total tax burden is levied by state and local government, and this presents the most difficult problem of tax reduction.

In the year 1913, the 48 states spent about \$382,000,000. In 1922 they spent somewhat in excess of \$1,280,000,000. Thus the cost of operating our state governments increased 235% in the nine year period from 1913 to 1922. Taking into account the growth in population and reducing the state expenditures to a per capita basis, the estimate of the increase was 199%. The following table indicates the growing per capita cost of state governments through the years from 1913 to 1922:

1913 .....	\$ 3.95
1915 .....	5.03
1917 .....	5.08
1919 .....	6.09
1921 .....	9.46
1922 .....	11.82

The factor most largely responsible for the increase in the cost of state government is the rapidly rising price level. Reducing the figures, therefore, to the 1913 price level, we get a better picture of the actual amount of increase:

1913 .....	\$ 3.95
1915 .....	4.98
1917 .....	2.87
1919 .....	2.95
1921 .....	6.43
1922 .....	7.93

When reduced to a per capita basis and measured in terms of 1913 dollars, the state expenditures for governmental purposes doubled from 1913 to 1922. It will be noticed furthermore that during the war and post war period from 1917 to 1920, the per capita expenditures decreases, due to the curtailed expenditure enforced by the war. From 1919 to 1922, the increase was more than doubled. It will be noticed also that while the federal government has been decreasing the national debt, the state governments have been increasing their bonded indebtedness. The total bonded indebtedness of all the state governments in 1922 was more than \$1,000,000,000 while five years earlier, it was less than half that amount.

The most important factors in the state debts were for highway and waterway improvements. The period from 1917 to 1922 was characterized by extensive hard-surface highway construction. This was done to meet the demands of increased automobile travel. In 1917, 11 states had issued bonds for highway improvement, amounting to \$145,000,000, while in 1922, 25 states





had issued bonds for highway construction, amounting to \$397,000,000.

In contemplating the rapid increase in state expenditures, we are inclined to think of the ordinary operating expenses of the state governments as the source of increased expenditure. This is not true. In 1913, about 10 per cent of the total state expenditure was expended for ordinary governmental purposes, such as the cost of the legislatures, the courts, the executive departments and state officers. In terms of the per capita purchasing power of 1913, the increase was only about 4% in the 9-year period ending in 1922.

This general increase may be illustrated from the cost of state government in our own state. In 1913, the total taxes levied by the state and the political divisions thereof were \$93,750,467.08. In 1923, the amount was \$289,677,818.44. The mounting cost of state government is revealed by some of the larger items. In 1913, the total current expenses of the public schools in Illinois were \$27,990,661; in 1924, they were \$91,904,754. For the high schools of Illinois, the current expenses rose from \$4,484,577 in 1913, to \$26,570,053 in 1924. The number of high schools during that period increased from 579 to 929 and the enrollment of students from 78,942 to 217,349.

#### CHARITIES AND CORRECTIONS

Another striking illustration is in the appropriations for charities and corrections. The general revenue appropriations for 1911-1912 were \$29,441,915, of which 38.4% or \$11,301,818 was for the support of the charitable and penal institutions; the general revenue appropriations in 1923-24 were \$59,613,843, and of this amount 41.7% was devoted to institutions of those kinds. The inmates in the above institutions in 1911 were 19,090 persons; in 1924, there were 30,538 inmates—an increase of 59.9%. The present General Assembly (1925) has appropriated for charitable and penal institutions the sum of \$28,410,000.

Aside from the increase in the direct tax on real estate and personal property, the license and franchise taxes have grown in proportion. For instance, in 1913, the collections by the Division of Insurance were \$680,823.63—in 1924, the collections were \$4,090,605.16. Franchise taxes collected by the Secretary of State rose from \$2,857,916.98 on December 31, 1920 to \$4,038,720.16 in 1924. The motor vehicle license fees advanced from \$507,134.70 in 1913 to \$11,376,710.92 for the nine months ending September 30, 1924.

#### AUTO LICENSES

The \$160,000,000 bonded indebtedness for the building of roads is a tax on one class of our citizens only—the automobile users. It is willingly borne. Insofar as the bonds for \$20,000,000 for the construction of the waterway (Desplaines and Illinois Rivers) are concerned, the water power development is expected to pay that indebtedness.

A few generalizations appear to be merited upon the basis of facts which I have presented to you. In the first place, the expenditure of the state government represents, on the whole, necessary expenditure. The main items of expense are for the purpose of education, highways and charities and corrections. As a nation, we have undertaken the greatest task in mass education ever attempted in history, with Illinois doing her full part. The American Schoolhouse has become a symbol to the world of the American belief in the higher things of life.

I would be among the first to declare against any impairment of the efficiency of our public school system. I believe it pays not only in the intangible spiritual and intellectual realm but also in

the material realm of dollars and cents. Likewise, with expenditures for highways construction. Good roads are essential to enable the farmer to market his goods. They are an aid to the merchant and to the business man and they supply much-needed recreational facilities. In this age of automobiles, good highways have become a public necessity. The same is true of our charitable and correctional institutions. It is the least we can do to provide adequate care for the weak and unfortunate in our state institutions. I do not mean to declare for unrestricted expenditure of public money. I merely mean to point out that many of the expenditures of state governments go for socially useful purposes—that our theory of public expenditure is essentially correct. There is, of course, a limit to which we can go, even for the most desirable purposes. I favor economy but not parsimony.

#### THE PERSONAL PROPERTY TAX

A source of great injustice, as well as of numerous administrative difficulties in state taxation, is the administration of the general property tax. During my term as governor, I urged an amendment to the Constitution permitting the General Assembly to classify personal property for the purposes of taxation. It is too generally known to occasion comment that personal property in our state escapes its fair burden of taxation and so general is the failure to report personal property for taxation that if the tax on personal property were imposed according to the law, it would mean confiscation. This condition should be remedied both in the interest of raising taxes and in fairness to all taxpayers.

Another serious cause of injustice, needless expense and duplication of effort is the uncertainty in the imposition of taxes as between the states and the federal government. No better illustration of this can be found than in the operation of the numerous estate and inheritance taxes. Under the operation of our federal estate tax law, the government taxes estates to a maximum of 25%. In addition, the same estate may be subject to taxation by two or three state governments. The total estate taxes—always two, and often three or four—may take more than half, and cases are possible where it would take practically the entire property of the decedent. This is not only manifestly unscientific but at times positively unjust. This is the reason that President Coolidge has suggested the calling of a conference of federal and state authorities to attempt to work out a plan for a more equitable adjustment of federal and state taxation laws.

In fact, it seems reasonable that the federal government should withdraw entirely from the field of inheritance taxation, leaving this as a source of revenue to the states. It is in line with the traditional policy of the federal government to impose inheritance taxation only in times of war. It has only been used three times before in our history. In 1797, the Revolutionary War tax provided for taxation of inheritances; it was promptly repealed in 1802. The Civil War inheritance tax enacted in 1862 was repealed in 1870; the Spanish War inheritance tax remained on the statute books from 1898 to 1902. The total return of the federal government for estate taxes is about \$110,000,000 a year and involves endless expense. It is difficult to see how the nation can profit by the continuance of such a tax. The invasion of this field by the federal government means only that the states are called upon to lay heavier taxes on other sources of wealth.

#### LOCAL TAXATION

I have not touched upon another important aspect of the taxation problem—that connected with the administration of local





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government. In general, the story of local expenditures since the war is the same story that describes state government. The most marked characteristic of local governmental finance has been the rapid increase in bonded indebtedness. In 1912, county debts amounted to \$372,000,000 but in the last decade they increased to \$1,225,000,000. At the beginning of the decade, the debts of incorporated local governments totaled \$2,885,000,000, but increased to \$4,709,000,000 at the end of the period. The obligations of other local governments—townships, villages, school districts and the like, rose from \$219,000,000 in 1912 to \$1,797,000,000 in 1922. Thus the total bonded indebtedness of all local governments increased from \$3,476,000,000 to \$7,761,000,000 during the ten year period.

Several factors have operated to stimulate this rapid increase. The exemption of certain kinds of bonds from federal taxation has created a ready market for local securities and has encouraged local governments in making lavish outlays. Since the war, \$12,000,000,000 have been invested in such tax exempt securities. The reason therefor is obvious. A net income of 11% on large business investments in the higher brackets would not equal a rate of  $4\frac{1}{2}\%$  interest on tax exempt municipal bonds. There is a law of gravity in finance as well as in physics and high surtaxes drive large earnings into investments in municipal bonds by force of economic laws. It is equally obvious that the surtaxes should be decreased or the exemption from taxation be removed from municipal securities. The latter can be done only by amending the Constitution, which is a slow and uncertain process. During the war, also, the local governments were forced to curtail expenditures so that when the war was over they had accumulated needs which they sought to satisfy by increased expenditure. The larger part of this debt was contracted for municipal outlays in the form of public water works, more adequate protection equipment, school and municipal buildings and the like, and on the whole are sound local investments.

The only pertinent question concerning them is as to the rapidity with which they have been accumulated and the limits of indebtedness to which it is safe to go. In periods of prosperity, it is easy to contract debts which might prove an impossible burden when the sources of taxation have grown less due to business depression. The present business prosperity is likely to continue for some time. One of its greatest dangers is reckless finance on the part of local governments. The time has come for more conservative investment finance on the part of local governments.

Our total public debt, including federal, state and local governments, amounts to approximately \$31,500,000,000. This is a heavy load for our people to carry, and great care should be exercised by all branches of the government so that it will not go beyond the limit of safety. To allow the present tendency of state and local debts to continue will mean a continuance of a heavy load upon the taxpayers in interest and sinking fund charges.

As I pointed out at the outset, perhaps the most significant accompaniment of modern government has been the constantly increasing burden of taxation. This applies not only to America but to every country in the world. Never before in history has the taxpayer been called upon to pay such huge sums into the treasury of his government. By far the larger part of this is an inevitable accompaniment of the increasing expense of modern warfare and the ever widening scope of governmental activity.

In our own country, we are faced with a tremendous national

debt as a result of the war. This debt has been increased by the post war obligations created by state and local authorities. In addition, we have undertaken an expensive program of popular education and we have launched upon extensive projects of highway construction and internal improvements. All of these things are necessary, but we must be careful not to proceed with too much confidence. We must not allow the burden of taxation to interrupt the fullest development of industry and commerce, upon which the entire nation depends for its well-being.

There is no easy solution for the problems of public finance. Glib proposals for immediate and easy tax reduction or Utopian panaceas for shifting the burden to special classes of our population turn out to be the devices of demagogues or the delusions of the misinformed. Taxation is not a field for the enacting of untried social theories. It is a means of financing necessary governmental expenditures. Our problems of taxation can be solved only by diligent study, by scientific research and by the application of sound business principles.

I want to thank you for listening to me while I read this rather dreary array of figures, but it would be impossible to make the point and hold to it without giving the information that I have accumulated here. It occurred to me that in view of the fact that the speech was to be printed, it might be an advantage not to endeavor to present anything new, but to gather together the data, formulate the data, so that they would indicate the point involved and present the taxation problem, the great features of it, as it relates to the nation and the state and the local political bodies in such a way that we could run and read.

I am aware of the fact that there is a very general complaint always against those who occupy public offices for the increase in expenditures. In some of my own struggles in politics I have had experiences in trying to explain to the public the financial situation. I remember once twelve years ago, when I was a candidate for public office, quite a campaign was made against me because the legislature had appropriated about twenty-nine million dollars. And in making the analysis at that time of our fiscal affairs, I found that there was really about eight per cent where-in reductions could be made by economies, by civil service, by a budget system and by discharging alleged useless employees.

There is a good deal of misapprehension about these matters. The expenses of the country are small, so are those of the state, so are those, for the most part, of our local agencies; and the large expenses are the things that bring improvement. I don't know but that it is a good thing. We have all voted for them, we all believe in voting for bond issues, at least it is so in Chicago. I noticed once on an occasion in the Criminal Court the general sentiment in a certain part of the city. I was State's Attorney and we prosecuted a man for voting ten times at one election, under the Sherman Anti-Trust Law against monopolizing things. (Laughter.) And he confessed that he had voted for Mayor and one of our judges ten times. We used him as a state witness. And the attorney for the defense, trying to embarrass him somewhat, asked him if he had committed treason ten times.

Now, he knew what petty larceny meant and he knew what assault and battery meant, but he said, "I don't know whether you would call it treason or not, but I did vote ten times, and I received \$50 for each vote. I don't know what you call that."

The attorney said, "Well, do you consider yourself a traitor?"

He said, "No, I don't."

"Well," he said, "you say to this American jury that you committed treason ten times."





The man was greatly alarmed and disturbed and he said, "Well, I am telling you the truth; I did vote for the Mayor ten times and the judge who was named, but I voted for the bond issue ten times and didn't charge a cent." (Laughter.)

So you see how popular the bond issues are. And I believe for the most part, notwithstanding we are accumulating vast bond issues, in our own city, at least, I believe they are popular, not only because people vote for them, but wherever the people have confidence in the administration of the money created they vote for them cheerfully.

For instance, in the South Park District on the South Side of Chicago we are now working out a plan that will require seventy million dollars of expenditure in completing it. We are cutting streets all through the city, shaving off so many feet of houses all along the line. Some of the streets cost forty million dollars and others cost more. But the people are willing to stand that, because they feel that is an investment.

We are coming back to the old days, I think, at least we are in some parts of Chicago, and I believe everywhere, getting rid of the big house, the big home, we are going back to the Greek and Roman idea, living plainly, in small apartments, and spending vast sums for the good of all, the aqueducts, the bathing places, the places of amusement and recreation and instruction, the great universities. We are doing that and people are willing to do

that to the limit. But there is a limit. Happily for our state we have a limit of indebtedness. Our fathers fixed that. Some of the states are not guarded that way, but happily for us, there is a limit other than the sky in issuing bonds in our state. But, as I said, when we get to spending one-eighth of all we are earning for taxes, that is a heap, that is a HEAP, and we ought to call a halt and go slow; for, after all, it has been said repeatedly and has been so well said by the Secretary of the Treasury, that all of the improvements that we make year by year come out, not of the money that is lost, but the money that is saved, and if taxation takes that money, there is then not sufficient funds for enterprise; and furthermore, if we arrange matters so that men can't invest their money and make by work, by initiative, by worry, returns equal to what are paid on bonds issued by our municipality, it will tend to have men play safe and invest in these matters and remove from industry vast sums that should go to create new enterprises for the employment and advantage of all.

I thank you cordially for listening to me present this dry subject, but I will tell you—I discovered when I began to accumulate the information that I was not to write a poem. I think you have discovered it too. (Applause.)

PRESIDENT HUMMER: Senator Deneen, in behalf of the members of this Association I wish to thank you.

## Friday, June 19th

### Final Session

9:30 A. M.

PRESIDENT HUMMER: The meeting will please come to order. | We will first have the Report of the Committee on Necrology.

## Report of Committee on Necrology

E. E. Crabtree, Chairman

The inevitable grim reaper death has once more invaded our ranks and one hundred and sixty-five directors and officers have answered the final call.

Among the number were three women, one director, one cashier and one assistant cashier which indicates that no longer is woman the chattel and the slave of former centuries, but that she is rapidly coming into her own.

Of one it may be truly said that in the midst of life we are in death. H. O. Tunison of White Hall was serving the Association at Springfield when he, in the presence of his banker associates, was stricken.

The occasion for eulogy of these men and women will follow later but your committee feels, that by reason of the peculiar worth of Mr. Tunison to the Association in which for years he was exceedingly active, your committee would like to emphasize the great loss this association has met in his death.

God gave us memory so that we may have roses in December and so that we may think over again the pleasant memories of the past, and so it is with the pleasant memory of Mr. Tunison. We shall always look back upon him not only as a good banker, always working for the welfare of the Association, but as a kindly Christian gentleman, dignified but cheerful, a law abiding useful citizen.

"For when a good man dies  
For years beyond his ken,  
The life he leaves behind him  
Shines upon the path of men."

In the death of J. B. Forgan the banking fraternity has lost a sturdy oak, one whose method and habit would stand for nothing but conservative, constructive banking, an example for the younger generation. The path of Mr. Forgan is like the shining light that shines brighter into the perfect day.

Mr. Chairman, therefore be it resolved that:

Recognizing that the memory of the just is Blessed and recognizing the sterling worth and character of these 165 men and women, may we express to their families, friends and communities, for they were truly a part of their communities, our sincere loss and deep sympathy and may these names be enrolled in our hearts and minds and in the record of the Association forever.

E. E. CRABTREE,  
A. K. FOREMAN,  
C. R. TOMBAUGH.

MR. CRABTREE: I move you, Mr. Chairman, the adoption of the resolutions.

The resolutions were unanimously adopted by a rising vote.

PRES. HUMMER: Rev. Ewert will now officiate at a brief memorial service for these deceased officers and directors.





## In Memoriam

- Ben F. Caldwell**, Director Ridgely-Farmers State Bank, Springfield; Charter Member Illinois Bankers Association. Born August 2, 1848; died December 29, 1924.
- H. C. Hamilton**, Director State Bank of Girard, Girard; Treasurer of Illinois Bankers Association 1901 to 1904. Died September 20, 1924.
- H. O. Tunison**, President and Director Peoples First National Bank, White Hall; Vice-President and Director Hillview State Bank, Hillview; Chairman Group Eight for fiscal year 1922-1923 and member of the Executive Council Illinois Bankers Association.
- William C. Annegers**, Cashier Farmers State Bank, Princeville. Born February 25, 1880; died October 16, 1924.
- G. Henry Annegers**, Vice-President State Bank of Stronghurst, Stronghurst. Died January 3, 1925.
- William A. Armstrong**, Director First National Bank Altona, and Cashier Peoples Trust & Savings Bank, Galesburg. Died July 1, 1924.
- Edward P. Bailey**, Vice-President Chicago Trust Company, Chicago. Born 1841; died March 28, 1925.
- England Johnston Barker**, President Beverly State Savings Bank of Chicago, Chicago. Born November 10, 1863; died January 17, 1925.
- Patrick T. Barry**, Director First National Bank of Englewood, Chicago. Born March 17, 1847; died March 3, 1925.
- August Barthel**, Director Belleville Bank & Trust Company, Belleville. Died December 6, 1924.
- J. B. Bartholomew**, Vice-President Merchants & Illinois National Bank, Peoria. Died May 27, 1925.
- William F. Bauman**, Asst. Cashier State Bank of Hampshire, Hampshire. Died February 26, 1925.
- Abraham G. Becker**, Chairman of the Board, Drexel State Bank, Chicago, and Director Greenebaum Sons Bank and Trust Company, Chicago. Born September 21, 1857; died May 14, 1925.
- Christ Bechstein**, President Mokena State Bank, Mokena. Born August 1, 1854; died September 10, 1924.
- Fred C. Bell**, Director Woodlawn Trust & Savings Bank, Chicago. Born October 25, 1863; died November 8, 1924.
- J. J. Bell**, President Salem National Bank, Salem. Born April 3, 1849; died January 18, 1925.
- J. G. Bennett**, Director First National Bank, Westfield. Born December 8, 1852; died January 23, 1925.
- Robert H. Berry**, Auditor Central Trust Company of Illinois, Chicago. Born September 30, 1878; died February 20, 1925.
- Lewis H. Bissell**, Director Newton State Bank & Trust Company, Newton. Born June 29, 1859; died February 7, 1925.
- Leonard Blessing**, Director The Clay City Banking Company, Clay City. Born July 25, 1849; died December 2, 1924.
- Herman Bokhof**, President Rock City State Bank, Rock City. Born December 5, 1841; died May 5, 1925.
- C. E. Bolin**, President Farmers State Bank, Milton. Born April 29, 1843; died August 12, 1924.
- Rufus I. Bond**, Director Third National Bank, Mt. Vernon. Born November 11, 1847; died December 15, 1924.
- Ada Brussell**, Cashier Greenup National Bank, Greenup. Born 1885; died October 11, 1924.
- William S. Bullard**, President Farmers State Bank, Mechanicsburg. Born January 7, 1841; died February 11, 1925.
- John F. Butzer**, Director Old Farmers & Merchants State Bank, Hillsdale. Born May 17, 1858; died June 27, 1924.
- Frank C. Caldwell**, President Oak Park Trust & Savings Bank, Oak Park. Born 1866; died May 15, 1924.
- William M. Camp**, President First National Bank, Bement. Born October 21, 1835; died March 7, 1925.
- General James R. Campbell**, President First National Bank, McLeansboro and Director First State Bank, Broughton. Born 1852; died August 12, 1924.
- Susan E. Campbell**, Vice-President Forrester State Bank, Forrester. Born September 16, 1845; died December 29, 1924.
- George E. Carter**, President Baldwin State Bank, Baldwin. Born June 7, 1858; died November 1, 1924.
- Charles P. Clifford**, Vice-President First National Bank of Chicago, Chicago. Born May 3, 1871; died July 24, 1924.
- Benjamin H. Canby**, Vice-President Southern Illinois Trust Company, East St. Louis. Born June 8, 1857; died February 19, 1925.
- J. A. Cook**, Director First National Bank, Piper City. Born February 28, 1856; died January 4, 1925.
- W. S. Cooper**, First Vice-President Astoria State Bank, Astoria. Born December 2, 1863; died April 27, 1925.
- Lillie M. Corgan**, Asst. Cashier Farmers State Bank, Alto Pass. Born May 10, 1891; died May 3, 1925.
- Ellis E. Cox**, Cashier and Director Cairo National Bank, Cairo. Born April 17, 1868; died May 3, 1925.
- Samuel Cozzens**, Director The Stock Yards Trust & Savings Bank, Chicago, and Director of the Stock Yards National Bank, Chicago. Born May 8, 1848; died August 12, 1924.
- V. B. Cruit**, Director Farmers State Bank, Findlay. Born September 15, 1862; died May 23, 1925.
- Sanford R. Cruse**, Vice President Iola State Bank, Iola. Born October 18, 1877; died March 9, 1925.
- Thomas S. Cumming**, Director First National Bank, Gardner. Born April 17, 1847; died April 7, 1925.
- John L. Davis**, Director Old National Bank, Centralia. Born April 30, 1858; died January 12, 1925.
- Robert L. Davis**, Asst. Vice President First Trust & Savings Bank, Chicago. Born October 9, 1862; died April 27, 1925.
- Jacob Deibert**, Director First National Bank, Marine. Born September 9, 1847; died April 20, 1925.
- Robert J. Dickson**, Cashier Sandwich State Bank, Sandwich. Born April 11, 1862; died February 28, 1925.





## In Memoriam---Continued

- Curtis H. Dodson**, Director Southern Illinois Trust Co., East St. Louis. Born February 26, 1844; died February 1, 1925.
- Samuel J. Donaldson**, Asst. Manager Real Estate Department, First Trust and Savings Bank, Chicago. Born May 4, 1883; died March 20, 1925.
- Alla Richard Dow**, Cashier First National Bank, Geneva. Born July 26, 1859; died March 17, 1925.
- Cornelius Drake**, President First National Bank, Stonington. Born October 23, 1854; died March 18, 1925.
- Wm. W. Dunham**, Chairman of the Board Waynesville State Bank, Waynesville. Born November 21, 1844; died March 28, 1925.
- W. B. Dunlap**, Director First National Bank, Abingdon. Born August 29, 1849; died September 7, 1924.
- J. M. Elliott**, Vice President, National State Bank, Metropolis. Born November 13, 1847; died November 25, 1924.
- James E. Ewing**, Director Farmers Exchange Bank, Elvaston. Born April 12, 1864; died March 4, 1925.
- G. A. Fauth**, Cashier American National Bank, Aurora. Born January 11, 1858; died October 30, 1924.
- Dr. C. H. Fegers**, President West McHenry State Bank, West McHenry. Born February 2, 1846; died August 7, 1924.
- Luther Fisher**, President State Bank of Sidney, Sidney. Born September 8, 1849; died May 4, 1925.
- Thomas E. Ford**, President Farmers and Merchants Bank, Carlyle. Born May 24, 1849; died March 10, 1925.
- James B. Forgan**, Chairman of the Board First National Bank of Chicago, Chairman of the Board Second Security Bank of Chicago, Chairman of the Board Security Bank of Chicago, Chicago. Born April 11, 1852; died October 18, 1924.
- A. H. Freese**, President and Director First National Bank, Ogden. Born April 22, 1840; died August 25, 1924.
- William L. Games**, Director State Bank of Latham, Latham. Born June 6, 1855; died June 6, 1924.
- Henry O. Garrity**, Director First National Bank, Biggsville. Born June 6, 1840; died February 14, 1925.
- Charles Gehl**, Director Algonquin State Bank, Algonquin. Born May 28, 1848; died July 2, 1924.
- Frank H. Gluesing**, Director Mechanics & Merchants Savings Bank, Moline. Born January 30, 1860; died November 25, 1924.
- W. M. Goble**, Director Earlville National Bank, Earlville; Vice President State Bank of Paw Paw, Paw Paw. Born January 14, 1847; died April 11, 1925.
- John Goodwine**, President Goodwine State Bank, Potomac. Born December 2, 1848; died May 30, 1924.
- George Goulding**, Director Streator National Bank, Streator. Born December 25, 1863; died February 21, 1925.
- William O. Griffith**, Director First National Bank, Brownstown. Born July 25, 1855; died May 3, 1925.
- Samuel Hargrave**, President Farmers State Bank, Stonington. Born May 4, 1847; died April 21, 1925.
- F. O. Harrison**, Director The First National Bank, Christopher. Born November 6, 1846; died January 29, 1925.
- S. A. Harrison**, Director The First National Bank, Christopher. Born May 1, 1849; died June 10, 1924.
- Spilsbury George Harwood**, Director The National Bank of Commerce in Chicago, Chicago. Born January 10, 1868; died April 3, 1925.
- Lincoln S. Heafield**, President Belmont Trust & Savings Bank, Chicago. Died January 29, 1925.
- Levi T. Hodges**, Director The Meredosia State Bank, Meredosia. Born November 12, 1853; died May 13, 1925.
- George A. Hemmer**, Director State Bank of Huntley, Huntley. Born October 14, 1856; died April 30, 1925.
- P. B. Honnold**, Director Farmers National Bank, Kansas. Born December 3, 1849; died April 20, 1925.
- David Hoover**, Director Farmers National Bank, Taylorville. Born July 26, 1837; died August 26, 1924.
- George W. Hughes**, Director Farmers State Bank & Trust Company, Decatur, and Director State Bank of Clinton, Clinton. Born June 9, 1853; died January 13, 1925.
- Charles L. Hutchinson**, Vice President Illinois Merchants Trust Company, Chicago. Born March 7, 1854; died October 7, 1924.
- A. C. Johnson**, Director Woodhull State Bank, Woodhull. Born 1857; died June 7, 1925.
- A. Johnson**, Director Capital State Savings Bank, Chicago. Born April 21, 1861; died October 27, 1924.
- E. M. Johnson**, President Illinois State Savings Bank, Pontiac. Born May 11, 1845; died October 5, 1924.
- Henry W. Johnson**, Chairman of Board of Directors, Ottawa Banking & Trust Company, Ottawa, and President Lee State Bank, Lee. Born December 8, 1858; died April 3, 1925.
- Louis Johnson**, President The Morrisonville State Bank, Morrisonville. Born October 22, 1850; died September 8, 1924.
- Oley A. Johnson**, Vice President Lee State Bank, Lee. Born February 7, 1866; died July 2, 1924.
- Henry J. Karstetter**, Director Hanna City State Bank, Hanna City. Born April 27, 1855; died January 16, 1925.
- John W. Kelley**, Director Martinsville State Bank, Martinsville. Born November 24, 1849; died May 28, 1925.
- P. F. Kimble**, Director The Illinois National Bank, Springfield. Born March 22, 1833; died January 23, 1925.
- Fred Kohl**, President Granite City Trust & Savings Bank, Granite City. Born July 2, 1846; died October 6, 1924.
- Frank Kraus**, Director Farmers State Bank, Princeville. Born December 10, 1846; died May 29, 1924.
- Louis Latzer**, Past President and Director State & Trust Bank, Highland. Died March, 1924.



## In Memoriam==Continued

**George R. Lee**, Vice President The Citizens State Bank, Watseka. Born May 14, 1871; died February 28, 1925.

**Lorenzo Leland**, Director, President and Chairman of the Board of the First National Bank, Ottawa. Born October 17, 1852; died September 22, 1924.

**Ernest X. Leseure**, Director First National Bank, Tuscola and President the Second National Bank, Danville. Born March 24, 1864; died April 3, 1925.

**Thomas F. Lindsay**, Vice President and Director First State Bank, Tilden. Born March 11, 1858; died September 27, 1924.

**Elwin J. Matteson**, Director and Vice President Farmers & Merchants National Bank, Morris. Born December 7, 1847; died November 27, 1924.

**W. Wayne McCormick**, Director Farmers State Bank, Emden. Born March 8, 1897; died June 15, 1924.

**George A. McGahey**, President Olney Trust & Banking Company, Olney. Born October 28, 1868; died January 17, 1925.

**F. P. McKean**, Cashier First National Bank, Mendota. Born August 12, 1879; died May 17, 1925.

**George W. McMurphy**, Vice President and Director Old Farmers & Merchants State Bank, Hillsdale. Born February 24, 1841; died July 6, 1924.

**John H. Merten**, Director Brighton State Bank, Brighton. Born May 11, 1859; died July 1, 1924.

**Edward Mesenbrink**, Director and Vice President Addison State Bank, Addison. Born December 31, 1854; died May 17, 1925.

**John F. Miller**, Director Fox River Valley State Bank, McHenry. Born August 26, 1876; died February 22, 1925.

**Harley B. Mitchell**, Vice President La Grange Trust & Savings Bank, La Grange, and Chairman of the Board of Directors Cicero Trust & Savings Bank, Cicero. Born February 20, 1855; died December 19, 1924.

**Henry Moecker**, Vice President and Director Homewood State Bank, Homewood. Born September 11, 1852; died April 6, 1925.

**James E. Morris**, Vice President First National Bank, Arthur. Born September 21, 1848; died March 23, 1925.

**Jacob Mortenson**, Director West Chicago State Bank, West Chicago. Born 1849; died May 25, 1924.

**Douglas Moseley**, President Citizens National Bank, Princeton. Born April 18, 1860; died May 27, 1924.

**Gus Naporra**, Director State Bank of Commerce, Effingham. Born August 27, 1858; died February 20, 1925.

**Jacob Nelson**, Vice President First National Bank, Kinmundy. Born April, 1851; died October 30, 1924.

**Gustav A. Niemann**, Vice President Granite City Trust & Savings Bank, Granite City. Born March 18, 1852; died July 2, 1924.

**Thomas J. Nolan**, Vice President, First National Bank, Morris. Born April 16, 1859; died December 22, 1924.

**Eugene Nowlan**, Director La Fayette State Bank, La Fayette. Born March 5, 1870; died March 27, 1925.

**Jacob Oldendorph**, Vice President State Bank of Waterloo, Waterloo. Born January 24, 1845; died May 5, 1925.

**John R. Oughton**, Vice President First National Bank, Dwight. Born 1857; died April 16, 1925.

**John L. Ozburn**, Director Citizens State & Savings Bank, Murphysboro. Born February 20, 1851; died May 29, 1925.

**Niles Patterson**, President Durand State Bank, Durand. Born December 23, 1853; died February 9, 1925.

**David Patton**, Director Second National Bank, Belvidere. Born February 8, 1861; died February 3, 1925.

**Edward J. Piggott**, Director Chatham State Bank, Chicago. Born November 26, 1849; died March 30, 1925.

**Charles M. Poague**, Chairman of the Board, Woodlawn Trust & Savings Bank, Chicago. Born 1856; died January 18, 1925.

**William H. Prange**, President Prange State Bank, New Douglas. Born 1857; died May 30, 1925.

**Robert M. Pritchett**, President State Bank of Dana, Dana. Born April 5, 1852; died November 11, 1924.

**Nathan F. Reckard**, Director and Cashier Stewart State Bank, St. Charles. Born August 31, 1865; died April 29, 1925.

**C. F. Reynolds**, Vice President and Director Pontiac State Bank, Pontiac. Born September 10, 1883; died October 12, 1924.

**E. P. Robson**, President Bank of Wataga, Wataga.

**Ernst Roth**, President Peru State Bank, Peru. Born February 11, 1857; died October 2, 1924.

**Frank O. Savoie**, Director First Trust & Savings Bank, Kankakee. Born December 2, 1872; died February 28, 1925.

**William Schmidt**, Director Fox Lake State Bank, Fox Lake. Born June 27, 1879; died October 31, 1924.

**R. F. Shafer**, Cashier and Director Bank of Noble, Noble. Born May 13, 1874; died March 29, 1925.

**George R. Shawhan**, Manager of Savings Department Illinois Trust & Savings Bank, Champaign. Born March 20, 1844; died February 13, 1925.

**Charles E. Sheldon**, Director Third National Bank, Rockford. Born July 29, 1857; died July 23, 1924.

**Albert D. Sheridan**, Director City National Bank, Evanston. Died July 25, 1924.

**John Shilling**, Vice President South Holland Trust & Savings Bank, South Holland. Born December 25, 1851; died June 28, 1924.

**William H. Sielbeck**, Director First National Bank, Metropolis. Born May 28, 1867; died March 17, 1925.

**J. W. Smith**, President Bank of Pesotum, Pesotum. Born November 30, 1858; died April 14, 1925.

**G. B. Snyder**, Director Bank of Richwoods, Batchtown. Born May 1, 1857; died January 7, 1925.

**George Soedler**, Director Peru State Bank, Peru. Born August 17, 1855; died October 7, 1924.





## In Memoriam==Continued

**Henry Spelman**, Vice President Freeport Trust & Savings Bank, Freeport. Born November 16, 1870; died March 10, 1925.

**George W. Steely**, President Clay County State Bank, Louisville. Born 1875; died September 9, 1924.

**Charles F. Stelzel**, Secretary Alton Banking & Trust Company, Alton. Born January 25, 1863; died October 17, 1924.

**D. A. Stice**, Vice President Swan Creek State Bank, Swan Creek. Born April 2, 1854; died August 29, 1924.

**Cooper Stout**, Director State Bank of Murphysboro, Murphysboro. Died March 18, 1925.

**Clemens D. Talleur, Sr.**, Vice President and Director Bank of Marine, Marine. Born 1845; died April 10, 1925.

**Thomas A. Taylor**, Director State Bank of Oakwood, Oakwood. Born April 25, 1847; died May 28, 1924.

**Herman Teninga**, Director State Bank of West Pullman, Chicago. Born April 19, 1867; died November 17, 1924.

**Walter H. L. Thomas**, Vice President and Cashier Quincy Ricker National Bank & Trust Company, Quincy. Born June 23, 1879; died October 29, 1924.

**Nathaniel M. Thompson**, Director State Bank of Burnside, Burnside. Born February 14, 1845; died March 25, 1925.

**Frederick W. Upham**, Director Boulevard Bridge Bank of Chicago. Died February, 1925.

**James C. VanOrnam**, Director Citizens State & Savings Bank, Murphysboro. Born May 3, 1861; died June 2, 1925.

**Thomas Gaylord Vennum**, Vice President The First National Bank, Milford. Born January 31, 1873; died February 6, 1925.

**John A. Volstorff**, President Elburn State Bank, Elburn. Born 1845; died January 3, 1925.

**J. V. Wadey**, Director Farmers Bank of Creston, Creston. Born October 17, 1858; died March 10, 1925.

**E. D. Waldron**, Director Home National Bank, Elgin. Born January 27, 1849; died December 7, 1924.

**Henry J. Wallingford**, Vice President State Bank & Trust Company, Evanston. Born December 30, 1842; died December 2, 1924.

**David Walton**, Director Harmony State Bank, Denver. Died December 30, 1924.

**George F. Warner**, Cashier Mendon State Bank, Mendon. Born April 6, 1857; died September 25, 1924.

**Vespasian Warner**, President The John Warner Bank, Clinton. Born April 23, 1842; died March 31, 1925.

**Charles D. Watson**, Director First National Bank, Kirkwood. Died October 6, 1924.

**Dr. Frederick William Werner**, Director Joliet Trust & Savings Bank, Joliet, and Director Will County National Bank, Joliet. Born February 8, 1858; died May 3, 1925.

**P. H. Wessel**, Chairman of Board of Directors Peoples Savings Bank & Trust Company, Moline. Born January 4, 1839; died December 10, 1924.

**Jacob Westerman**, Vice President First National Bank, Dundee. Born March 19, 1844; died July 2, 1924.

**Edward A. Wilson**, Director City National Bank, Metropolis. Born November 26, 1872; died January 19, 1925.

**Charles W. Winne**, Director Exchange State Bank, Brimfield. Born April 9, 1862; died October 13, 1925.

**William Winterhoff**, President Lansing State Bank, Lansing. Born February 7, 1859; died January 26, 1925.

**John L. Witbeck**, Vice President First National Bank, Belvidere. Born February 19, 1842; died September 13, 1924.

**C. L. Yuongdahl**, Director First National Bank, Altona. Born February 16, 1869; died November 7, 1924.

## Memorial Service

(Rev. Arthur Frederick Ewert officiating)

REV. EWERT: We have been granted ten minutes for the Memorial Service and I am quite sure we shall be able to hold this service within the allotted time.

I shall give a passage of Scripture which is a "Psalm of Life." It was written by a distinguished man who had completed the journey of the years, who had crowned an honorable career with success, and who left, as his last will and testament, this Scripture, the 90th Psalm, which is now called "A Prayer of Moses the man of God."

"Lord, thou has been our dwelling-place in all generations.

"Before the mountains were brought forth, or ever thou hadst formed the earth and the world, even from everlasting to everlasting, thou art God."

"Thou turnest man to destruction; and sayest, Return, ye children of men."

"For a thousand years in thy sight are but as yesterday when it is past, and as a watch in the night."

"Thou carriest them away as with a flood; they are asleep; in the morning they are like grass which groweth up."

"In the morning it flourisheth, and groweth up; in the evening it is cut down, and withereth."

"For we are consumed by thine anger, and by thy wrath are we troubled."

"Thou hast set our iniquities before thee, our secret sins in the light of thy countenance."



"For all our days are passed away in thy wrath; we spend our years as a tale that is told."

"The days of our years are threescore years and ten; and if by reason of strength they be fourscore years, yet is their strength labor and sorrow; for it is soon cut off, and we fly away."

"Who knoweth the power of thine anger? even according to thy fear, so is thy wrath."

"So teach us to number our days, that we may apply our hearts unto wisdom."

"Return, O Lord, how long? and let it repent thee concerning thy servants."

"O satisfy us early with thy mercy; that we may rejoice and be glad all our days."

"Make us glad according to the days wherein thou hast afflicted us, and the years wherein we have seen evil."

"Let thy work appear unto thy servants, and thy glory unto their children."

"And let the beauty of the Lord our God be upon us; and establish thou the work of our hands upon us; yea, the work of our hands establish thou it."

Along the Great Lakes, travelers tell us that sometimes they see the distant city lifted up in mirage. The dust of its streets, the thick smoke pouring forth from its black smokestacks, the discordant notes of its traffic, the clamor of its industries, are all below out of sight and sound, and the city with all the light of its towers and the delight of its pleasant places, is lifted up—companion to cloud and sky.

There are times in our own experience when the true values of life are revealed "high and lifted up." In such an hour we see the things that are eminently worth while. Business and real estate, stocks and bonds, furniture, food, clothing and coin are below, among the lesser things of life, out of sight and sound, and in that hour of revelation, our life with its Faith in God, its Hope of heaven, its love of men, is lifted up companion to cloud and sky.

This past year, one hundred and sixty-five members of the Illinois Bankers Association have "passed the door of darkness through." I knew some of them personally, but one I knew especially well. Mr. Harry O. Tunison of White Hall, was for many years a member and an elder in one of the oldest churches in the State, and for years was Superintendent of its Sunday School. A more faithful, more efficient helper, no pastor in any

church anywhere has ever had than I had in Harry O. Tunison, —banker, citizen, churchman, Christian gentleman. God called him before he had reached the meridian of his life. His genial optimism is adding to the joy of heaven. In the Celestial City—for he was a home-lover and a home-builder—he, with the Master, might call back: "I go to prepare a place for you." He was dependable and diligent and thorough in his work; and now, "worthy and well-qualified," he is called to the larger tasks which eternal times shall bring.

As we look upon his life, and upon the lives of the dear departed you know so well,—and knowing, love so dearly,—this truth reveals itself in noontide clearness. We think not so much of their property values, of how much they made and must leave behind, but our greatest joy is in thinking of the kind of men and women they were. We laud them as they developed within themselves the qualities that deserve to be perpetuated. We admire them as they lived lives that were good enough to last forever. The lesser things drop below out of sight and sound, and lifted up in heavenly light is WHAT THEY WERE, AND ARE AND EVER SHALL BE.

With the permission of our President, I will request that the members of the Illinois Bankers Association rise and remain standing in silence for one minute, in memory of the 165 whom God hath called this past year to their eternal tasks. At the conclusion of one minute of silence, we shall repeat together the Lord's Prayer, whose final word—"For Thine is the kingdom, and the power, and the glory, FOREVER," certifies to us the hope of our own immortality.

The convention arose and stood in silence for one minute in tribute to the memory of the deceased members, following which, led by Dr. Ewert, they repeated the Lord's Prayer.

PRESIDENT HUMMER: We have in Illinois a financial publication of which I am sure we as bankers in particular are very proud. I know that we find this particular publication of much value to us and I believe that most of us read it daily. The Editor of this publication, the Chicago Journal of Commerce, Mr. Glenn Griswold, is here today and he is going to talk to us on "The Function of Financial News." Mr. Griswold has a national reputation as a financial writer. It is a distinct pleasure to have Mr. Griswold with us here today and I am very happy to present him to you at this time. (Applause.)

## "The Function of Financial News"

Glenn Griswold, Editor Chicago Journal of Commerce

Mr. President and friends: I am under several rather serious and obvious handicaps in addressing you this morning. The most important and to my mind the most serious of them is the hour of the day. This is the hour at which I am usually trying to make up my mind whether to finish the struggle and get up or roll over and take a couple more winks. Having worked nights all my life, I can't get used to these banking habits of going to work before the sun is up.

Another is that I am in a rather depressed frame of mind anyway. I came in last night and went over to the Jefferson and registered and the only man I saw in the lobby whom I had ever seen before—and I suppose that is because the rest of you were busy somewhere else—was Craig Hazlewood. So I walked over to the cashier's desk, discovered that he was checking out, and,

seeking to be a bit facetious, I said, "I see you are leaving town!" He put on that quizzical, meaningless and all-meaning smile that he usually carries with him and he said, "Yes, I see you are on the program in the morning." (Laughter.)

I don't believe, of course, that that is the reason he left town, but there is a coincidence there that has annoyed me ever since he made the remark.

I have been asked to talk to you a bit about financial news, and for a moment we will consider financial news as a part of a general mass of information which is more or less carelessly called intelligence and which it might be more accurate to call information. It is but a very brief period ago that information generally was considered the curse of business. Today information is without a doubt the very life blood of business. We all





remember, regardless of how we may try to forget, those old "public be damned" days when the worst thing that could happen to a corporation manager or to a corporation was to have some accurate, detailed and intelligent piece of news about the affairs of that business appear in the public press. Today the saddest experience, almost, that can come to the corporation manager is to have some brilliant bit of writing prepared by a ten thousand dollar a year press agent show up on the last page of his favorite newspaper instead of the front page. And that illustrates the new attitude of business toward information and consequently toward news and I presume toward newspapers.

Of late years we have become rather accustomed to a series or an epidemic of crises in this country. In fact, one crisis just gallops on the heels of another, and they are all around us and coming over the hill at us, and we get rather careless about them. I think our general attitude toward a crisis nowadays is about the attitude of a Kansas farmer toward an individual grasshopper, he just can't get mad at the darn thing, because it is so small in relation to the whole. But, as I see it, it is easy to differentiate between these things which simply kick up a dust and the things that really do threaten us. And I have in mind two tendencies and developments which I think are genuinely serious and I think might fairly be classed as critical.

One of those, of course, is the rise of radicalism. Or, if you differ with that point of view, at least with the present state of radical thought in this country.

The other, I think, is the habit of borrowing which the American people have acquired in the last few years. There is no need of discussing radicalism, because we all have our own ideas as to its seriousness and we all know very well what its present state is. But I put that beside this growing borrowing habit, because precisely the remedy which cures one cures the other, unrelated as they may seem.

Now this borrowing habit that is coming upon us to my mind has two distinct phases, and the one which I find usually disturbs you bankers is the one about which I can worry least. That phase is the habit which the public is acquiring of buying everything possible on a partial payment plan. And I concede that in that habit there is some potentiality of trouble. I admit that a tremendous total of dispensables are bought on partial payment plans in this country. I admit that by virtue of that expedient of buying a great waste is occurring, a great extravagance is being done. On the other hand, it seems to me that we may well remember that the American people are not now, never have been and I am not so sure that they ever will be, thrifty in the real sense of the word. The average American saves money for one of two reasons, either because by accident his income is larger than what it is convenient and pleasurable to him to spend or he gets himself into debt and has to scratch to meet the obligation and, having met the obligation, he has an asset in the thing which he has paid for. And, looking at it from that point of view, it seems to me that the public is acquiring real estate, homes, automobiles, which have a distinct utility, and a great many other things that they would not otherwise acquire and which we must admit are assets and which do contribute something to the development of thrift in the country.

I think you bankers demonstrate that there is a phase of that practice in which you believe, because a great many of you have undertaken to acquire savings deposits by putting your depositor under a partial payment obligation, that is, selling him the idea

that once a month he owes you so many dollars, to add to his savings account, and you send him a bill for it just the same as though you had sold him goods.

It seems to me, however, that the real danger from this borrowing habit of ours is that it is not only an individual habit, but that it is a corporate and a civic habit, and in our corporate identity and in our civic identity we are borrowing against the future at a rate which piles up a tremendous burden for those who are coming after us. It seems to me that a principal reason for that is the fact that somehow and somehow our people have lost practically all of that fine pioneering courage which built the institutions of this country and developed the country itself. Today, if you stop to think, we haven't any of the real old builders, the pioneers of industry who put all of their own money and all the money of their relatives and friends and all they could borrow, their muscle and their brain, their courage, their ambition, their vision, into the development of a pioneering industry, of a new business.

You can prove that to yourselves by discovering from easily available statistics the amount of stocks that are sold now days and that have been sold in the last five years. Find for yourself how miserably few new partners were taken into business and what a tremendous total of creditors we are acquiring. Our railroads are the extreme example. They have been spending over one billion dollars a year for several years. They have borrowed every dollar of it. They haven't any more partners than they had five years ago; they have a tremendously expanded list of creditors. The ratio of their equity behind the bonded indebtedness is dwindling all the time.

Now, it seems to me that there is a way of curing both of those evils and it seems to me that the cure lies purely and simply in information, which is only another word for news. I am sure that this corporate idea can be resold to the people and I am sure the pioneering spirit can be re-instilled in their minds if we disseminate the right sort of information.

The best example that I know of, one in which you are interested, of the evil that can come to a business institution for a lack of information or a lack of news is the experience of the Chicago Board of Trade. And every one of you are interested in that, because either you or your clients have important business transactions with that institution every day. I believe that the Chicago Board of Trade consists of men of more than average business intelligence and I believe that the men who manage its affairs and trade on its floors are at least equal to the average in business integrity. I believe the institution has done a tremendous good in an economic way. I would be willing to argue that with anybody. Nevertheless, you know and I know that there isn't an important business institution in this part of the country that is so generally and so thoroughly suspected, that is in such popular distaste, as the Chicago Board of Trade. And I say that sympathetically, because I believe in the institution. We have always tried to be helpful.

But I think those are facts and I think the answer and the reason is that the story of the Chicago Board of Trade has never been told. I don't mean by that that no one has sat down and written a brochure of many pages as to the functions and operations of the Board of Trade and scattered in broadcast; that is worthless. I mean by that that day in and day out the important and the interesting and the worth-while news of the Chicago Board of Trade has not been told to the public. If the Chicago Board of Trade had as much information broadcasted



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about it and the job were done intelligently as information pertaining to the New York Stock Exchange, that Board of Trade would be the greatest business and scientific institution in the Middle West and every one of you would admit it.

Now, to my mind, there is a real example of the failure of information and the results of it.

Pardon me while I look at the watch, because I haven't any idea how fast I am going or what my restrictions are.

I think that you bankers will be interested and many of you know about another illustration of the value of news, and this pertains to your own work. Along in 1920 we had a rather important bank failure in Chicago and it carried with it two or three collateral institutions and there was a very considerable suspicion of outlying banks, and I think you will admit that Chicago generally has a pretty fine system of community banks. The thing became so serious that it was a civic as well as an economic problem. Our newspaper took an interest in the thing. We went to the Clearing House, we tried to show them that the whole problem could be solved by a certain, well advised campaign of publicity to explain to the people what the Clearing House was, what the Examinations Department of that Clearing House was, and the measure of security it provided for the depositor particularly, and, secondarily, for the stockholder of the bank.

We didn't get along so very well, at least we didn't sell the idea. So we undertook it on our own hook and we wrote editorials and roundtables and pieces of news for six or eight weeks, and by that time we had kicked up the finest little wind storm in community banking in Chicago that you ever saw. The bankers have come raging into our office with a copy of an editorial in their hand and said, "You are ruining me, you are coercing me, you are bulldozing me. I have people coming into my bank every day with this thing in my hands and ask me if I am a clearing house bank before they will deposit a dollar. Now I am going to determine whether I become a member of the Clearing House or not, not you, that isn't your business." Well, we knew that the Clearing House Examination's Department in those days was vastly more efficient than your State Banking Examinations Department and probably more than the National Banking Examinations Department. We knew that since 1906 when the Walsh Banks failed there had never been a bank failure in Chicago in which a depositor lost a dollar and we had had many bank failures and had gotten in the habit of expecting a certain number every year, it was a seasonable affair.

So we persisted in the thing and finally the Clearing House Committee sent for us and we wrote a series of six full page articles explaining in the simplest manner possible exactly what were the functions, the history, the responsibilities of the Clearing House Association and its Examinations Department. There were more protests from the neighborhood bankers, but one by one they adopted the idea, they began distributing those to their customers, the thing had circulation up into the millions.

We started that the last day of October, 1921, and at that time there were 59 members of the Chicago Clearing House Association. In the following June there were 113. In other words, there were more members brought into the Association in those six months than had been brought in theretofore in the whole history of the Association. Today there are 174 member banks in that Association.

Now your opinions will vary as to the advisability of that

move. Some of you probably will think that that is too many to be in an Association. Some of you will say that it is too much of a stewardship for the larger banks to keep that sort of a stewardship over the little bank. But whatever your opinion, the answer is that there has never been a failure of one of those banks with loss to a depositor and the membership in that Association was increased from 59 to 174 as a result of a very restricted effort at distributing news of a particular business.

It seems to me that financial news is just exactly as important to you folks in your own communities as it is to New York bankers in theirs. I see no difference whatever except a difference of ratios, a difference of percentage. Now you know the scope and the exactness that is required of agencies which distribute financial news in New York City, we will say. It seems to me that in your own community the measure of news that is essential to you in your business is just as important, it is just as important to you that it be published every day, that it be accurate and complete. It seems to me that the newspaper in your community, and I don't care whether it is a weekly or a daily with 100,000 circulation, which prints the most complete and the most accurate news of finance, of banking, of money, of investments, is a servant of yours that serves you better than any other institution that works in your behalf. And it seems to me, too, that if the paper in your community is not doing that, perhaps it may be to some extent your own fault. For after all, every newspaper man, every editor, thinks he is giving the public the thing the public wants and that is true regardless of the ethics or regardless of the competence of the editor.

Now if your editor thinks that your public doesn't want financial news, if he thinks that your public doesn't want to know of investments and thrift, it is because you and your officers and your directors and your principal customers who do know the value of those things haven't impressed yourselves upon that editor, and it seems to me that it is to your own benefit and to the benefit of the community that you do make yourself felt by that editor, because, after all, you may spread all the propaganda and all the leaflets and all the circulars you like, but the one way to make your public believe in the things you believe in and think the way you think is by the little dropping, dribbling bits of information that come to them every day and they absorb unconsciously.

I presume I would be permitted in this gathering to be a bit critical of bankers by and large and if I may be, it seems to me that their greatest shortcoming is the fact that too many of them forget that 90 per cent of their depositors, of their investors, of their borrowers, start at the bottom and come from obscure beginnings and are nothing when they make their first contact with the bank. It seems to me that there is too generally a disposition to feel that the fellow who wants to borrow \$10 or \$100 or the fellow who wants to buy a \$50 bond instead of \$100 bond is a nuisance, that his account is not profitable. It seems to me that the man, the banker and the institution which takes as many of those fellows as it can get, educates them in the ways of thrift and investment, makes friends and partners of them, develops them and grows with them, is going to be richest in the end.

I want to cite a little instance in proof of that. After the Victory Loan had been sold and before the installment payments on it had expired, I happened to be on the Chicago Tribune as financial editor at the time and I had what I thought was a brilliant idea. I discovered afterwards that it wasn't. But





it seemed to me that if a committee could be formed to reach out and come in contact with every one of the hundreds of thousands of people who were buying Victory Bonds and who had bought all the Liberty Bonds down through the series on a partial payment plan, people who had adjusted their whole financial scheme to the idea that they could spare every week so much money for an investment, if they could be reached in a concentrated, direct, appealing way, every bank and every bond house which had made the original sale could induce most of them to continue that same weekly payment after they had finished paying for their Government Bond and apply it to the purchase of municipal or corporate securities.

I thought it was a great idea and I undertook to organize that committee, and the idea blew up because everyone wanted to play first violin and I didn't have any base drummers when I got through. But I went to a very distinguished old banker, a patriarchal old fellow for whom I had a great deal of respect and love, and put the proposition up to him, and he said, "It is no good. It is no good. It is worthless. We have tried it. You will spend more money on clerk hire for a \$100 or \$500 bond than the thing is worth. It is useless, they don't stay with you," and all that.

Well, we argued at great length and finally I said, "Now, will you do one thing for me?" And he was a little bit suspicious, but he promised. I said, "Will you send down to your Trust Department and get a list of the 50 individuals who bought the largest amount of bonds of your bank last year? And will you ask your Trust Department to give you the history in your bank of those investors, find out who they were when they started, what they amounted to, how large their purchases were the first year or two and how they have grown?"

He said, "It is silly. I know them all." But he promised and the next day before I got to my office I had a telephone call to come over and see him. I went over. He said, "I don't want to be Chairman of your Committee, because I am too busy and too old, but," he said, "I will get you a good one."

I said, "Why, what is the matter?"

"Well," he said, "it made me feel a little foolish. I found that the second largest individual bond buyer in this bank 20 years ago was clerking and selling junk iron out at 39th and Halsted." He said, "I found that out of 50 of the leading bond buyers in this bank but ten had any estate or any affluence when they began with us and many of them began in the most minor sort of a way and were years in developing."

I think that you not only have a responsibility in watching and nurturing that sort of an account, but I think that you have a wonderful asset and business opportunity in doing it. And I think the most effective weapon you can employ in that work is your local newspaper. Nothing in the world gets under a man's skin so much as a little bit at a time and every day reading something that calls his attention to investments, that calls his attention to thrift, that gets him in the habit of thinking in economic terms, that makes him look at the world as you look at it.

Now you folks are naturally modest, of course, and you will deny me if I say that each and every one of you probably are the leading citizens in the communities from which you come. In almost every case your opinion carries more weight in that community than any other man, even though you may not be the richest man in the community, nor the most conspicuous. Now I have a little example for you and I want to see what

you think of it. I have followed banking and bankers in an abstract and detached sort of a way for a good many years and I have come to know many of them very well and to have a very great admiration for all of them. And recently I have been thinking about who, in my opinion, was our greatest banker, who had been the most worthwhile to himself and to his institution and to the country, and I go down the list and I don't pick J. P. Morgan or George F. Baker or Otto Kahn or Mr. Forgan or George M. Reynolds or any of those names that we know, as illustrious as they are and as obvious as their contribution to our welfare may be. It seems to me the man who has contributed most to the welfare of banking, the man who has done most to disseminate sound, economic ideas, to encourage thrift, to discourage radicalism, to promote prosperity in this country, is George E. Roberts, Vice-President of the National City Bank in New York. Maybe there are some other men in the room who would have made the same choice. I doubt if there are many. But there is a man in a comparatively obscure position who for many years has been writing the soundest and the sanest sort of financial news. And it is nothing else. All of you know of his work. Many of you probably read his bulletins once a month. How many of you realize that that bulletin has the largest circulation of any financial publication in the world? If you know George Roberts' work you know the sort of things contained in that bulletin, and when you stop and think that it is circulated, not only to some hundreds of thousands by the bank which produces it, but by hundreds of other banks to which it is furnished as a service, it seems to me that George Roberts has contributed more to sane thinking and to sound economics than any other banker, I suppose I ought to say since Alexander Hamilton in talking to this audience, I couldn't get away with putting anyone above Alexander Hamilton.

I would suggest, then, that all of you give some serious thought to what you can do in your own community with your own editor toward providing your public with the sort of news and the sort of financial news that they ought to read. I would suggest that you sit down and talk to your editors about it. There isn't one of you here who can't take the financial page of your local paper, if it has a financial page, and in five minutes make half a dozen suggestions to your editor which you know will improve that paper, suggestions which he will be delighted to have, which will take no more of his space, cost him no more money and will be a tremendous asset to you in your business. I hope you will try it.

I thank you for your kind attention and the privilege of having been with you today. (Applause.)

PRESIDENT HUMMER: I am very happy indeed at this time to call upon our good friend and former president and also former Auditor of Illinois to introduce our next speaker. I refer to Mr. Andrew Russel. (Applause.)

MR. RUSSEL: Mr. President, members of the Association and guests: I am very glad to appear before you on the errand that I am here for, that is, for the introduction or the presentation of the Honorable Oscar Nelson, Auditor of Public Accounts of Illinois, who is, I think, carrying on a work in Illinois that is not equaled by any man holding the same position in any other state. I have no hesitancy in saying this, because I was your State Auditor for eight years and we started a work as I thought in the right direction, and Mr. Nelson is not only carrying out the ideas that the department had been run on, but is improving



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in every possible way, and I haven't any doubt at all but that if the Illinois Banking Department is not the best department today, that by the end of several years it will be beyond question the best department in the United States, the best Department of Banking, and the best from a purely efficiency standpoint.

I wish to say while I am here that I enjoyed hearing the last talk, but I wish to say also that you may have a wrong impression from something that the speaker said. Before 1920 the appropriations for the Banking Department of Illinois were very short. We had done our best with the legislature to get the appropriations increased; we were unable to make examinations more than once a year. But when we got the new appropriations which became available in 1921, the department at once improved. It had been our endeavor all the time that I had been in, from 1917, to work toward this end, and I am very glad to say that the legislature, after being importuned, made the appropriations, which were not sufficient, but made them more nearly adequate. And I would further say that from the time I became Auditor of Public Accounts I endeavored to get the outlying banks, the suburban banks of Chicago, to come in and become members,

or at least affiliated members, of the Clearing House, and the instructions to all the examiners were to try to persuade these people to take this action for this reason, that the Clearing House examinations were admirable, they were splendid, there was no politics in them and I wanted to see the banks of Chicago and the suburbs come under the dominion of the Clearing House, because I believed that it would give the people additional faith in the banks, which has been demonstrated.

I have no criticism of anyone or any department. The National Banking Department is, I believe, just what I would call par excellence. Regarding the Clearing House, I will say nothing, because they are above suspicion and I will say this, that today I believe the State Banking Department is as efficient as the Clearing House, as the Clearing House examinations, and as time goes on it will be demonstrated that Mr. Nelson is the right man in the right place and we will have, as I said before, a Department that you will be proud of and you will be glad that you have the Honorable Oscar Nelson for your Auditor.

I take great pleasure in presenting the gentleman. (Applause.)

### "Bank Supervision"

Hon. Oscar Nelson, Auditor of Public Accounts

Mr. Chairman, ladies and gentlemen: This is an unexpected pleasure. I didn't expect to be introduced by Mr. Russel, the former Auditor. I have listened very attentively to what he has said and I hope I will be able to make good. I think, however, he has already given me too much credit.

As you know, I have only been in the Department a short time and when Mr. Graettinger asked me to speak to you this morning, prepare a paper to be read here, I could think of nothing more interesting perhaps than bank supervision, as I see it.

The former speaker, Mr. Griswold, reminded me of an incident that happened in our bank when he spoke of thrift. In 1919, right after the War, a young soldier stepped up to the window and I happened to be in the cage that day. He had his uniform on and a discharge in his hand, and he said, "You don't know me, but I want to borrow \$50.00."

"Well," I said, "we don't usually hand it out as easily as that, but tell me your story."

"Well," he said, "I walked in here from Chicago this morning and I found a fellow out here with a horse and wagon. He wanted to sell them to me for \$50.00, and I want to buy them."

I asked him a lot of questions and he told me his history. He was a Jewish gentleman. I gave him the \$50.00 and took his note for it. I didn't ever expect to see it, but I thought I would take a chance on him as long as he had just returned from the service. That man today is still living in my home town of Geneva and I will venture to say he is worth \$35,000 to \$40,000. He has been picking up junk ever since that day, picking it up and selling it.

I used to talk about thrift. I used to have a terrible time with him. After he got the \$50 so easily, he thought that was a pretty good place to get money and the more junk he picked up the more money he wanted, and about every 30 days I would have to go down to his junk shop and look him over to see what he had. He had rags, iron, paper, rubber, everything you could

think of in the world. And it was a hard job for me to get him to sell it so he could turn it over. He wanted to keep piling up the junk, and, of course, when he piled up junk he also piled up debts. But he finally worked himself out of that. Today we don't hesitate to loan him \$5,000 to buy junk with. There is an example of thrift and of fussing with a man who begins with nothing. I could tell you of a great many instances like that. I have been in my home town for the last 18 years in the banking business and during that time I have taken a particular pleasure in starting out young fellows in business who had nothing but what I thought was brains to carry on the business that they were engaged in, and I have never hesitated to back those young fellows and to watch them while they were progressing in their line of business.

I remember another instance, a young fellow was employed in a barber shop there for a good many years. He never had a dollar, he used to spend every cent he had. He came rushing over to the bank one morning and he said, "I need \$500 right away."

I said, "What are you going to do with the \$500?"

He said, "The boss wants to sell me his barber shop."

Well, I knew the barber shop was worth \$1,000, so I didn't hesitate to loan him \$500. I said, "All right, here is the \$500, you go over and tie it up." I gave him a chattel mortgage and he had it all signed and fixed up.

I made him come in every Monday morning and give me the receipts of the previous week. I used to allow him \$15.00 a week to live on. I wasn't very liberal, because I wanted him to be thrifty. He said to me one day, "I need a new suit of clothes."

I said, "You can't have it until you get this barber shop paid for."

He thought I was a pretty hard task master, but nevertheless he paid for that barber shop in six months and it was just a case of stick-to-it-iveness and the right man in the right place.





And, as I say, as a banker it has been a great deal of pleasure for me to start young fellows, and sometimes older fellows, in their line of work and help them, and it pays in the banking business, it makes friends and you have a customer for life.

This Jewish fellow whom I spoke of, nothing in the world could tear him away from the State Bank of Geneva. He says he is going to put his money in there as long as he lives. By the way, when he came to Geneva he didn't have any wife. Now he has a wife and a couple of children, so he is doing well all around. In fact, he is doing better than I am.

I have prepared a paper which gives my idea of bank examination and bank supervision. I have reduced it to writing, because Fred Sterling said to me down at Springfield one day, "I understand you are going up to the Bankers' Convention."

I said, "Yes."

"Are you going to make a speech?"

I said, "No, I am going to talk a little."

"Well," he said, "you take my advice and write your speech, because there are a lot of smart bankers up there and they are liable to contradict what you say."

So I have written it out and I am going to read it to you.

Bank Supervision should mean protection and safety to the depositor's cash, if it means anything. The interests of the stockholders are secondary, but nevertheless very important.

Supervision means nothing without constructive suggestion, where necessary, and constructive suggestion means nothing without insistence of adoption.

It means elimination of risk and promotion of sound banking standards and presents opportunity for action in which the entire people of the State are vitally interested, because nearly everybody is a depositor in some bank or other.

No field presents a greater opportunity for real and lasting benefits, and while human error will never be eliminated the tragic experience in any instance should be the means of avoiding the identical pitfall by others.

A successful supervisor must possess peculiar discriminative powers and professional ability as banks are treated before birth, while living, and after death, of all ages, sizes, colors, nationalities, politics and religion, and last but not least, general conditions.

With Bank Supervision in Illinois I am happy to say goes bankers' co-operation, as I have found during my short term as supervisor of the State Banks of this state that the bankers are interested in the Department and in the general welfare of the fraternity as a whole.

This is demonstrated in the fact that they are eager and willing to conform to Department rulings and to operate within the law. For that reason, bank supervision, as I find it, is not an unpleasant task to the Auditor and his assistants.

As Auditor of Public Accounts I am concerned officially only with those banks which are organized under State Charters. This audience is made up of both National and State Bankers, consequently what I have to say will no doubt be of greater interest to those of our own group. I trust, however, that those of the National group will bear with me.

We have, in Illinois, 1397 State Banks. From the smallest with a capital of \$10,000 and deposits of \$13,000 to the largest with \$45,000,000 in capital and surplus and \$390,000,000 in deposits. We are proud of the fact that such a tiny bank can live and exist, carry the required reserve, have an undivided profits account and apparently serve its community. We are also proud of the

fact that one of the largest banks in the State, if not in the United States, has chosen to operate under a State Charter. No doubt the tiny bank is as important to its community as the larger bank is to the great City by the lake.

In bank supervision one meets with many problems, of course. There is a difference of opinion regarding many points involved but after all when one considers the vast amount of business that is transacted through the banks of Illinois I believe we will all agree that the bankers and the supervising departments whether State or National, are to be congratulated upon the sound methods used on both sides. Failures in Illinois have been few and there is nothing on the horizon that we can see now that can disturb this condition. With constantly improving agricultural conditions together with safe, sane, careful and economic management of our National finances we should, within the next few years, in Illinois be in an enviable position.

There is one phase of our business that I know all State Bankers are interested in and that is the increased cost of call-reports and bank examination. No doubt many of you think the cost is excessive but I am sure you will agree with me that the charge is only fair considering the amount of expense necessary to carry on the work. In the past three years the receipts of the Department have fallen short of the expense of the Department some \$100,000 per annum, in round numbers. It is estimated that our earnings will be much nearer the cost mark this year. The examining department has grown to very large proportions in the last few years, especially since the private banks became affiliated, not because of the difficulty of examination but because of the great number of banks which were added to the family at that time. We have an average of fifty examiners and assistants in the field. We have about 30 employes in the office engaged in the work of compiling and examining the reports after they are turned in by the field men. It is our aim to constantly improve the service of the Department and in that connection we have inaugurated two new features since the first of the year. One is the monthly bulletin which contains items of interest and while it is yet in its infancy, we hope to improve upon it as time goes on. There is much in the Department which is not confidential which we propose to send you through this medium. I hope you will like the bulletin and preserve it in your files.

The other feature is the duplicate of examiner's report which will be sent to the bank after each examination. This is a service that has long been in my mind as a banker and which I found was also in the mind of our chief examiner. I believe the National Department has always made it a practice to send this report to their banks. I think it is a service which our group will appreciate and I trust that you will all have it before you at the Directors' meeting following its receipt as it will help to acquaint your Board of Directors with the detailed examination and its resultant comments, if any.

Since assuming the duties of the Auditor's Office I have been approached upon the question of reducing our required cash reserve of 15% to more closely conform to the Federal Reserve requirement. I know you are interested in my view of this and I will say briefly, at this time, that taking into account the items which go to make up the 15% reserve as viewed by the State Banking Department we are not very far out of line with the Federal Reserve requirement. We feel in this connection that individual banks must be treated separately. For instance, some bankers regard the cash reserve as about the only reserve



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necessary. I am glad to say, however, that they are very much in the minority, others have a healthy additional first reserve also on hand and a good secondary reserve of quick assets. The latter class of bankers never clash with the Department in the matter of cash reserve because they know their institution and its needs.

There is yet another matter which is of interest which concerns perhaps only a small minority and it also must be treated as individual to each bank affected. That is the clause in Section 10 which provides "That the Auditor of Public Accounts may issue, upon the filing of a good and sufficient bond or securities approved by the Auditor, a permit to make loans in excess of the legal limit." The permit to run for one year. This provision of the law as you all probably are familiar with came into being when the private banks of Illinois became affiliated banks. The law went into effect December 1st, 1920, I believe, and without question this paragraph has been of great help to the former private banks and rightly so because their lines of credit were entirely different from the lines of credit allowed by State and National laws. It gave them, so to speak, a chance for their "white alley," and an opportunity to conform gradually to the banking requirements which regulate State and National Banks. It has been the practice of this Department in the past to be liberal in the construction of that paragraph of the law and there has been issued to banks, which apparently needed them, permit after permit. Many bankers have, through the needed time, improved their situation and are today doing business under the rules and regulations of the banking law. Others have not improved their opportunity and are apparently going on the theory that this paragraph of the law was intended as a permanent convenience which would allow them to continue to operate very much as before. Do not misunderstand me when I speak upon this subject for the reason that I do not mean to say that the issuing of permits has come to an abrupt end. Neither do I mean to say that the excess loans are poor loans as they may be excellent loans, but why should Bank Directors carry the burden of these excess loans by giving a bond to the Auditor for them, year in and year out. I doubt very much if there is a bank in Illinois which cannot operate under the State Bank Act for the reason that it cannot make loans in excess of the legal limit. I know that many banks have operated for years without excess loans and I say to you, frankly, that until I became Auditor of Public Accounts I did not know that we had a law which would allow us to exceed the "speed limit," with the consent of the Auditor. There are remedies, for excess loans one of which is to accumulate a good undivided profits account and turn it into surplus or into capital. If you must make permanent loans in excess of the legal limit of your capital and surplus in order to serve your community no doubt your community will also stand the increased capital necessary. I am going to ask for the co-operation of all banks in the State group who are violators to help us in this campaign to reduce excess loans so that you will all, as soon as possible, be on an equal footing. As a banker I know it is sometimes quite easy to get into trouble but if your loans are within the limit and well diversified you cannot get into very serious difficulty. If you then have a liberal surplus and undivided profits account you are safe. I desire the member State Banks to know that I am always ready and willing to co-operate with them in the matter of excess loans but the policy will be for a decided improvement in this direction.

There seem to be a great many applications from people who are inexperienced in banking who wish to organize new banks. Many times a securities corporation is organized for the purpose of promoting a new building. The proposed banking house in the building is expensive and often times more expensive than the proposed capital stock and surplus of the new bank. The organization expense is excessive and the promoters find it hard to even sell the stock of the proposed bank, but, when they finally do get it over and open they have started out with entirely too much overhead and the result is that the deposits do not come in fast enough to pay the high rent necessary to pay interest on the securities venture, consequently, it is not very long until they are in trouble. This does not make for sound banking and while I know there is better judgment in this audience yet I believe the matter should be called to your attention. I do not say this to discourage the organization of new banks in the communities where they are needed but I do not believe there is any place in Illinois for high finance promotional banking, where the stock must be sold under pressure.

It might interest you to know that our Department in the Auditor's Office at Springfield is divided into five distinct departments. The Banking Department with Headquarters at Springfield is in charge of Mr. Nicholson, Chief Examiner, and Mr. Weber, who is at Springfield with him, and Mr. Bush at Chicago.

The Building & Loan Department Headquarters is at Springfield with a branch at Chicago in charge of Mr. Whitlock.

The Warrant Department, Revenue Department and Land Title Department, each Department functions as distinctly as a separate unit.

I merely mention this so you may know there is no conflict between any of the departments. I think that is about all I have to say to you today.

I want to thank you for your very kind and close attention and to merely reiterate that the Banking Department of Illinois is anxious to co-operate with you and we are glad to have you come to Springfield and stop in at the Office and visit with us. If you have any troubles that we can help you with, we are glad to help you with them. Our only policy is going to be to try to continue to have an up-to-date Banking Department in Illinois.

I thank you. (Applause.)

PRESIDENT HUMMER: You can imagine perhaps our feeling, that is, Mr. Graettinger and myself, at least, in having received a telegram less than 30 minutes ago from New York, after we had been worrying all morning, to the effect that our next speaker missed his train. However, we want you all to stay. We have secured one or two other speakers and the program is not yet over.

While we are waiting for these other speakers, I am going to call on some of our group Chairmen who are here in the audience this morning. As you know, under our amendment to our Constitution, the group Chairmen now become members of the Administrative Committee and they will therefore henceforth occupy a very important position in connection with the administration of the Association affairs and know you will be glad to hear a few words from the group Chairmen who are here. I see Mr. Garm in the audience and I am going to call on Mr. Garm, who is Chairman of Group 8 of Beardstown.

MR. GARM: Well, Mr. President and gentlemen, it is needless to say, this is sudden.





During the past year it was my privilege and opportunity to see some of the workings of the office of our President and Secretary and it was a great pleasure to co-operate with them in working out some of their plans and ideas. As I see it, this office functions for but one purpose, that is to better the condition of the banks in Illinois and help us make money and to promote a feeling of good will among the people. I can promise the on-coming officers the next year the heartiest co-operation from the officers of Group 8. (Applause.)

PRESIDENT HUMMER: Mr. Geist. (Not present.) Mr. McMillen. I think some of these group Chairmen must have gotten up and walked out when they heard they were going to be called upon. Are there any other of the newly elected group Chairmen in the audience? Evidently there is none here.

Folks, if you will just be patient for a few moments our other speakers will be here.

MR. GRISWOLD: Mr. President, since you haven't anything to annoy the folks with, may I have about 30 seconds.

I was very grateful to Mr. Russel for calling attention to what I had said about the State Auditing Department. I think I can with very good grace concede all that Mr. Russel said with reference to the inadequacy of the appropriation for that Department and I can go further and say that for many years it has been so small as to be almost useless and I can say that without its having any bearing on what I did say as to the efficacy of that Department. But I want to suggest to you that Mr. Russel is altogether too modest in what he said of himself and his own work

in that Department. Your present Auditor, as he said himself, has been there but a little time. We have come to know that he is carrying on in a splendid way the work which Mr. Russel himself inaugurated and for which Mr. Russel should have direct personal credit.

There isn't any doubt in my mind, and perhaps there is not in yours, but that the work of this Department was not as well done as we wanted it to be done, as well done as it should have been done, while he lacked the money with which to conduct it properly. And he certainly did demonstrate that when given anything like a decent appropriation he was able to give us an Examinations Department which was all that anybody could desire. I think to him is due a considerable amount of personal credit for the change in atmosphere and improved efficiency of that Department. (Applause.)

PRESIDENT HUMMER: Folks, we are under great obligations to Mr. P. C. Rennick of Peoria for coming here on such short notice and consenting to talk to us for a few moments. Mr. Rennick for 12 years was Internal Revenue Collector, as I understand it, in Peoria. He is a tax accountant and specialist, and I am very glad indeed to be able to present him to you at this time. (Applause.)

(Mr. Rennick, who was called upon without a moment's notice, to substitute for Mr. Rogers made a most entertaining talk, which was received with much enthusiasm.)

PRESIDENT HUMMER: The next order of business is the report of the Committee on Resolutions, Mr. Robert R. Ward of Benton, Chairman of the Committee, will make the report. (Applause.)

## Report of Committee on Resolutions

Robt. R. Ward, Chairman.

The Committee on Resolutions desires to suggest and recommend to-wit:

### LAW ENFORCEMENT AND OBSERVANCE

1. The widespread tendencies to condone crime on the part of the citizenry of our state and nation is a menace to our government. Such a policy must eventually and inevitably result in the loss of our liberty and the destruction of self-government. We therefore recommend that the Illinois Bankers Association through its County Federations inaugurate among its members a fixed program not only to help in the enforcement of laws but, also and primarily, to awaken in each member a wholesome respect for all the laws of this land.

One of the highest duties of citizenship is jury service; and we recommend that every banker for himself, associates, and his employes should set an example to all citizens by serving on juries whenever called upon. We believe that the bankers should be exemplars of law observance in all respects.

Laxity in law observance, as well as in law enforcement, breeds anarchy and ends frequently in the terrible calamities such as have cast their blight over entire sections of our state. Riots and mob violence, temporary surrender of the supremacy of law, and in the end revolution are the sure fruits of laxity in law observance in any land. We believe that respect for law should be taught in our schools and homes throughout the educational period of the child. The uncorrected child of today grows up to be the law violator of the future.

We recommend that our schools and universities devote a certain portion of time each week to the subject of law respect and

law enforcement. We commend the Illinois State Bar Association for the splendid, high-minded and vigorous stand taken by that organization in connection with law observance.

### POLITICS

2. We recommend to all the bankers of the State of Illinois that they earnestly interest themselves in political matters, national, state, and local, and particularly in local affairs, we believe that the only way by which the present unwholesome conditions can be corrected is for each individual and each community to take the initiative in this movement and do all in his or its power to give over the execution and administration of our laws to officers who are known for their ability, character, and integrity.

### TAXATION

3. It is generally conceded by economists and those who have given the greatest study to the subject of taxation that the increasing amount of taxes levied upon property and individual activity throughout our country has already reached the point that it has become a menace to the future prosperity if not the safety of our government.

We believe that the same care, attention, diligence, and consideration for economy should be given by those to whom is entrusted the administration of public funds as is exercised by the managers of private enterprises. We commend the President of the United States for the efforts which he has made to reduce public expenditures and for the splendid example which he has himself set for economy and cite his acts as worthy of emulation by every public and private official.



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We believe that by the proper exercise of these economies many tax laws could be either repealed or modified, thereby resulting in much saving to the public. We suggest the following changes, to-wit:

a. A lowering of the surtax rates to a point where investments will not be diverted from productive enterprises to tax exempt securities.

b. We believe that the overlapping and duplication of inheritance taxes as imposed by the federal government and the various states of the Union is unfair and unjust and that such action should be taken to relieve this so that in no case shall there be assessed and collected from any estate more than one inheritance tax on any one item.

We call attention to the fact that the requirement of the Constitution of the State wherein all property, both real and personal, shall be assessed on the same basis to the end that all property shall bear its just proportion of the cost of government is being and has been persistently violated throughout the state. The result of this is that property of the same kind in the various counties is assessed on a disproportionate basis and also that properties of different kinds in the same county are likewise assessed on a disproportionate basis. We heartily commend the committee of our State Association for its efforts in urging a uniformity in the schedule for the assessment for general taxes of all the banks of the state.

## PROTECTION

4. We endorse and commend for the full co-operation of all members of this Association the plan and methods adopted by this association, through the protective department, to defend the banks and bankers of the state, together with all other individuals and institutions entitled to such protection, against the inroads and attacks of yeggmen and hold-up men, and we trust that bankers and all other good citizens will join in this movement to everlastingly drive out this menace, and source of loss, and that this campaign will not cease until the last one of these highwaymen has been driven from our borders or landed in our penitentiaries.

## HIGHWAY POLICE PATROL

5. We believe that our splendid highway system demands a proper police patrol, under a statewide plan so that there may be full co-operation among all peace officers and law enforcement officers. We are of the opinion that a department of this character administered in such a manner as to make it free from political influence would be of vast good to the citizens of our state.

We recommend as a part of this plan, the establishment of a bureau of criminal identification.

## MUTUAL INSURANCE COMPANY

6. We are pleased to note the successful record and substantial growth shown by the Bankers Mutual Fidelity and Casualty Company during the last fiscal year and the further fact that this progress was made while the crime losses for the State of Illinois during 1924 equaled the total losses for the three preceding years.

We urge that every bank in the State of Illinois fully investigate the protection that this company offers, believing such investigation will convince them of the merits of this service.

## JOHN D. PHILLIPS

7. We record with extreme sorrow the serious illness of John D. Phillips, ex-President of the Illinois Bankers Association and ex-President of the State Bank Division of the American Bankers

Association, whose work in this association has left its indelible impress and whose charming character has endeared him to us all.

## THANKS AND APPRECIATION

### To Speakers

8. We tender our grateful appreciation to William E. Knox, President of the American Bankers Association. Hon. Charles S. Deneen, United States Senator from Illinois, Hon. Oscar E. Carlstrom, Attorney General of Illinois, Hon. Oscar Nelson, Auditor of Public Accounts, and to Mr. Gaylord S. Morse of Chicago, Mr. Clarence Griggs of Ottawa, Mr. L. Walker of Gobden, Mr. Glenn Griswold of Chicago and Mr. P. G. Rennick of Peoria for their participation in our program and for their splendid addresses to this convention.

### To Officers

Our enduring obligations are tendered to our President, Mr. Wayne Hummer, for the capable and devoted efforts which he has given to this Association. We believe that as a result thereof, this Association has taken a great forward stride which will, as the years go by, be a living memorial to his devotion to the cause of banking in the State of Illinois. We extend to our Secretary, Mr. M. A. Graettinger, our appreciation for the very able manner in which he has conducted the business of our Association.

### To Committees

Our thanks are also due to each and all of the various committees which have functioned so efficiently and the work of which has done so much to promote the best interests of the banking fraternity.

### To Peoria

We make grateful acknowledgment to the citizens of Peoria for the many courtesies extended to the Association at its 35th Annual Convention. Especially are our thanks due to those members of our Association who have done so much to make our stay in this splendid city pleasant and enjoyable. We also extend our thanks to the many other organizations and citizens who likewise contributed their hospitality to this meeting.

It has been one of the pleasures of the Convention to observe the full and splendid reports of these meetings in the daily newspapers of Peoria, The Journal, The Star, and The Transcript, and in The Chicago Tribune and other newspapers and magazines of this and other States, and as Bankers we are fully cognizant of these unstinted efforts on the part of the Press in giving full and pleasing particulars about our Annual Convention.

We tender our vote of thanks to the reporters and the editors of the Peoria, Chicago and other publications for their efforts in our behalf.

Respectfully submitted,

ROBT. R. WARD  
C. W. TERRY  
ISAAC N. POWELL  
A. W. MOORE  
H. J. COOPER.

On motion regularly carried the report was adopted.

PRESIDENT HUMMER: The next order of business appears to be new business. Is there any new business to come before the Convention at this time? Has anyone anything to offer? If not we will proceed to the next order of business, which is the Report of the Committee on Nominations. Mr. John Little is Chairman of that Committee and will now make his report.

MR. LITTLE: Mr. President, ladies and gentlemen and members of the Convention. I wish to correct the last statement. Mr. George was Chairman of the Committee, but was forced to leave town and asked me to make the report.





## Report of Committee on Nominations

### William George, Chairman

Your Committee begs to submit the following report:

For President—Mr. Charles W. Boyden, Vice-President of Farmers State Bank, Sheffield.

For Vice-President—W. B. Crawford, Cashier of West Frankfort Bank & Trust Company, West Frankfort.

For Treasurer—John H. Grier, Assistant Cashier, First Trust & Savings Bank, Chicago.

Mr. President, I move the adoption of the Report. Motion was seconded.

It was moved that the nominations be closed and the Secretary be instructed to cast one ballot for the nominees.

Motion was duly seconded and carried.

SECY. GRAETTINGER: Mr. President, I cast the ballot of the Convention for Mr. Charles W. Boyden of Sheffield for President; Mr. Walter B. Crawford of West Frankfort for Vice-President and Mr. John H. Grier of Chicago for Treasurer. (Applause.)

PRESIDENT HUMMER: It gives me great pleasure to declare the gentlemen just named elected to their respective offices.

I will now ask Mr. Crawford to say a few words. I am sure we will be glad to hear from him, the newly elected Vice-President. (Applause.)

MR. CRAWFORD: Mr. Chairman and gentlemen and members of the Association: I don't just exactly know what is required of me unless you would have me stand up here to see what an awful mistake you might have made.

But I assure you that I appreciate the honor that you have conferred upon me and I hope that you have made no mistake. I pledge that I will give all the time I can to supporting Mr. Boyden and making this next year one of the best years of the organization.

I thank you. (Applause.)

PRESIDENT HUMMER: I don't know if our newly elected Treasurer is in the audience or not. He is a comparative stranger to most of you folks. I am glad Mr. Grier is here and I know you will be very glad to have a word from him. Mr. Grier. (Applause.)

MR. GRIER: Mr. Chairman, ladies and gentlemen: I am very grateful, indeed, to the members of the Association for the honor they have conferred upon me and it will be a great pleasure, to co-operate with my old friends Charlie Boyden and Walter Crawford in making, as Walter says, this year one of the most successful in the history of the organization.

Thank you. (Applause.)

PRESIDENT HUMMER: I will now ask Mr. Boyden, your newly elected President, to step forward. Mr. Boyden, this Association has paid you a high compliment today, one that I know that you fully appreciate, and I am sure that you will lend dignity to the office and that your administration will be a most successful one. Perhaps at no time has anyone assumed the office of President of the Association so well prepared and informed as you are, and I want to say to you at this time how very much I have appreciated your co-operation and your help during my administration and also what a great pleasure it has been to me personally to become more intimately and better acquainted with you. Knowing, as I do, your qualifications for this office and interested

as I am in the Association because of my close connection with it during the past year, I am very happy indeed to pin this badge of honor upon you and at the same time to turn over to you the gavel of the Illinois Bankers Association. And let me remind you that on it is inscribed "Forward for Illinois." (Applause.)

PRESIDENT ELECT BOYDEN: Wayne, I want first to offer my personal congratulations on the great success of your year's work. I am sure that we all agree that the Association never functioned more efficiently or rendered greater service. Also, I want out of the bottom of my heart to thank you for your consideration of me all during this year. You have taken me into your confidence and talked to me of all your plans. I have been, as it were, a pupil sitting at the feet of a great teacher, and certainly no teacher ever showed more consideration or evidenced more interest in the training and welfare of the student than you have in me. Any measure of success which I may achieve in assisting to keep the organization at its present high state of efficiency or of enlarging its sphere of usefulness will be due largely to the inspiration and the training I have had from you.

Gentlemen of the Illinois Bankers Association, two years ago when Mel. Traylor found himself at this stage of his spectacular career he was so impressed with the honor that he felt himself called upon to make quite a speech. Last year Wayne was so moved that all he could do was say "Thank You," and humbly bow his head to receive the crown. For these two men life is just one triumph after another. So if they felt so greatly honored at being elected to the Presidency of the Illinois Bankers Association, how do you suppose I feel?

Really, it seems all too strange that I, a small town banker, should have this honor conferred upon me, and right here I just figure I can hear some of my cynical friends out in the audience saying that if it seems strange to me it seems a lot stranger to you. (Laughter.) But, seriously, I assure you I am deeply sensitive of the honor. It has always been an honor to be President of the Illinois Bankers Association and in light of the very forward looking action of this Convention yesterday afternoon, it seems to me that the honor is greater than ever before and the necessity of devotion greater than ever before. With the responsibility, I am deeply impressed, and of devotion I offer all that I have. I pledge you that the welfare of this Association will always be my first consideration and may I in turn have your heartiest co-operation and most loyal support. Together we can make of this Association a still greater instrument for usefulness to all its members.

I do most sincerely and from the depths of a grateful heart thank you and promise to do my best. (Applause.)

(At this point President-Elect Boyden took the chair.)

PRESIDENT BOYDEN: The next number on this program, gentlemen, is a little melodrama of one act with two characters entitled, "Well Done Thou Good and Faithful Servant." The part of the Lord or Master of the vineyard is played by Mel. Traylor and that of the worthy servant by Wayne Hummer. Mr. Traylor. (Applause.)

MR. TRAYLOR: Mr. Chairman, ladies and gentlemen. If I made a speech two years ago under similar circumstances as those now confronted by your worthy President, I was, as usual, out of my head, because I certainly didn't intend to. But there are ir-



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resistible impulses sometimes that we cannot overcome and that will be entered in the record as extenuating circumstances.

I have known all during the year of the very close co-operation between the President and the Vice-President of the Illinois Association, but I never dreamed of the Damon and Pythias, Peter and Paul combination which they seem to have worked, this Alphonse and Gaston stuff that they have been handing you this morning, how grateful they are one to the other for the support they each had. Now I know how Wayne feels. You heard that story about the fellow chasing the bear around and around and around and around and finally in the hollow tree he caught him by the tail, and he yelled for somebody to come and help him hang on; but by the time they got there, he was just as glad to have somebody come and help him turn him loose.

They talk about this being the President of the Illinois Bankers Association being a great honor, but they are always glad when the day comes to turn the gavel over to the other fellow, because it is also a great relief to feel that the responsibility for the assets of the banks of Illinois is turned over to some one else. But, as the President said, in this case I can with genuine sincerity say to Mr. Hummer, "Thou good and faithful servant," because his administration has left a heritage richer than any with which I am acquainted, and he has left a responsibility to his successor that Mr. Boyden may well recognize as of no little import, because Mr. Hummer's administration has looked forward for Illinois and for Illinois Banking and it is a pleasure to me to pin upon his lapel the badge that distinguishes him as one of those who have made a contribution of magnitude, not only to the Illinois Bankers Association, but to banking in Illinois and to banking citizenship in the State. I have great pleasure in pinning on to your coat this badge which you have so signally won and which in the future I know you will equally signalize by service to the community. (Applause.)

PAST PRESIDENT HUMMER: Mr. Traylor, Mr. President and folks. I really don't know what to say and I have nothing further to say. I have, of course, appreciated the many nice things that have been said about me during the past year, but they are absolutely all of them undeserved. I really haven't done anything. (Applause.)

PRESIDENT BOYDEN: As a fitting climax to this very successful Convention and entertaining program, we now have a little Comedy sketch in which Al. Foreman, representing the trained seals of the group special comes to make repentance for the sins

both of omission and commission on the part of those same trained seals. He furnishes the humor. The pathos is furnished by Wayne Hummer and Martin Graettinger, who take the part of the magnanimous and forgiving parents, who welcome back into the love and affection of the family the so-called prodigal son. Mr. Foreman. (Applause.)

MR. FOREMAN: Just as a little token from the boys of the "Group Special." (Mr. Foreman presents Past President Hummer with a loving cup, and presents Secretary Graettinger with a diamond scarf pin.) (Applause.)

PAST PRESIDENT HUMMER: Well, from John and all the rest of the boys. This is certainly mighty nice of you. I think I will let Martin make the speech. He has the whip anyway that you gave him and I think he should make the talk.

SECY. GRAETTINGER: Mr. Foreman, Mr. Grier and Mr. Chairman, I am just wondering whether this is intended as a surprise. I think that if they might for some reason omit going through this ceremony so far as I am concerned, perhaps it then would be a surprise. Nevertheless, I certainly appreciate the cordial friendship and the manner in which these gentlemen show that. Some one has said that this last trip was one of the best, insofar as the group meetings were concerned, by way of attendance to the program, and some writer—I don't know whether he was wanting to be facetious or not—said that it was also the driest. Well, I can testify to that, because except for the last night it certainly seemed to be very dry. There was nothing offered to me. (Laughter.)

During the first week, perhaps because they thought I was some task master or slave driver or whatever you might call it, they presented me with a whip so that I could control the crowd if they got rambunctious. But I am glad to say that I never had any occasion to use it. I never found any.

I don't know what more I can say except to thank you most heartily for this very gracious token. (Applause.)

PRESIDENT BOYDEN: I am sure that you all quite agree that nothing could be more appropriate than this little expression of sentiment and this little flow of soul, so to speak, which I trust may be indicative of our relationship all during the year one with each other, and with that I now declare the Convention adjourned.

The final adjournment of the 35th Annual Convention of the Illinois Bankers Association was taken at 12 o'clock, noon, June 19th, 1925, at Peoria, Illinois.

## County Federation Conference

Peoria, June 19, 1925

The Meeting of the Illinois Bankers Association County Federation Conference was called to order in the Gold Room of the Jefferson Hotel, Peoria, Illinois, at 1:40 o'clock, June 19th, 1925, President Boyden presiding.

PRESIDENT BOYDEN: I don't know that you fellows want to hear, or I don't know that any saluation, so to speak, is required. I am perfectly frank and free to confess to you that this to me is a moment of a good deal of pride and a good deal of pleasure and it is also fraught with a feeling of a good deal of responsibility, and I appreciate the pace which has been set for us in the two previous administrations of the Association's affairs.

We certainly have a mark to shoot to that brings out all the fight we have in us.

While we ask all the so-called official group of the Illinois Bankers Association, including the Head Office and Mr. Crawford and all the Department Heads and the Group Officers, after all this is primarily a County Federation Meeting, and as such I think it is altogether fitting that we hear first from our director of County Federation affairs for the last year, Mr. Myers, and hear what he has to tell us of his experience during this last year and what that experience suggests to him as a line of future action. Mr. Myers. (Applause.)





## Address of J. W. Myers, Manager County Federation Department

I presume many of you are wondering why this conference was called and our reason is based upon our experience at the State office during the past year.

When the County Federation department was created September 8, 1924, and I was placed in charge, I thought that it would be a very easy matter to secure the cooperation of bankers but as the months rolled by I realized that I was confronted with a task as difficult as any I had ever faced in my few short years in the business world. After getting *acclimated* to the work I found that my first task was to get every county in the state organized. Thirteen counties had no federations and our one difficulty was to sell the idea to bankers in these counties that such an organization would be most useful and beneficial to them, by reason of the better feeling between themselves that would be brought about and the opportunity provided for talking over in their federation meetings, problems of county interest, that can be worked out satisfactorily, not by individual but by collective effort. Mr. Saunders aided us particularly in organizing several counties in the Southern part of the State and today it is a pleasure to report that with the exception of Cook County, every county in the state is organized. Right here I am going to mention that 21 banks in the Southern part of Cook County have formed a temporary organization known as the "Southern Cook County Bankers Federation," chiefly for the purpose of protecting themselves against bank burglars and robbers.

*But, what benefit does anyone derive from an organization which does not function?* Would the Illinois Agricultural Association function as effectively as it does if it were not for the smaller units over the entire state known as "farm bureaus"? Could the Illinois Chamber of Commerce carry on its work if it were not for the local chambers of commerce in nearly every large or moderate sized city of the state? If this is true of the Illinois Agricultural Association and the Illinois Chamber of Commerce, isn't it true of your State Association? Now that we have attained the goal that we have been reaching out for since the year 1911 when the County Federation movement had its inception, our big job is to keep our organizations working and you men who are present today are responsible to the member banks of your own County Federation and to your State Association for seeing to it that your county unit functions. *Try to build up in your county a miniature State Association.*

There are several matters that I want to touch upon and the first is the "*permanent secretary*." The success of any and all associational activities is dependent upon the measure of cooperation received from the members. In no way can this cooperation be received in so satisfactory a manner as through our County Federations—therefore, we must build in each county a permanent structure and this can only be done by having in each county an organization which is permanent in nature and that implies the appointment or selection of a permanent secretary who shall be an executive officer of the federation. This is a position which should be eagerly sought by the younger bank officers in each county, for the experience gained will repay many times for the amount of work done and the effort put forth. The men selected for these positions, however, should be paid a small fee, say \$50.00 or \$100.00 a year for their services, because small though it may be, the acceptance of this fee will place an obligation upon the one who accepts it. There is no intention on my

*part to criticize the work of the secretaries of our county federations*, but as is well known, in practically every county the secretary serves but one year and then is advanced to the position of vice-chairman and in the following year to the position of chairman. Realizing that the position is for but one year there is not much incentive for a secretary to build up the organization. You can see very clearly what would result in the State office if a new secretary were elected each year. By the time he became familiar with his duties over half of the Association year would have rolled by. Up to the present time *41 counties have elected permanent secretaries* and if similar action has not been taken in your county, bring it to the attention of your members at the next meeting of your federation for their serious consideration. Be sure to select the right man, preferably a young bank officer.

One of the problems that confronts us and one, I might say that is paramount, is our *failure to obtain responses to our letters*. Now, it may be that we are poor letter writers and personally, I confess I am, but regardless of that fact it seems to me that our requests for information should have prompt attention. We realize that quite a lot of correspondence emanates from the office but that is beyond our control, as most of our contact with you men will be through correspondence. And I will say now that if a few of the letters written to County Federation officers and committee chairmen last year had been answered within a reasonable time, our correspondence would have been reduced to a minimum. Our experience last year justifies this last remark for I recall how in any number of instances I have written to one person as many as nine and ten letters and have failed to secure the semblance of a reply. I do not want to appear too critical but I do want to relate the facts as they are, for I believe you will receive them in the spirit intended and cooperate with us in this respect next year.

I cannot help but believe that one of the major reasons why county committees and officers were, in some counties, unsuccessful in securing the cooperation of bankers, was the fact that only *a few meetings were held during the year*. Only 190 meetings were held in the 101 organized counties last year and there should have been at least 400 or 500.

We strongly recommend that *monthly meetings be held*. Monthly meetings should be attended by bank executive officers and matters of interest to the Association and to the bankers could be discussed. This would give the Association an opportunity to get the consensus of opinion or sentiment of the bankers in various localities on such subjects as would be presented to the county meetings from time to time.

Very great benefit would be derived by the bankers themselves from discussions at these monthly meetings. There is no lack of subjects to be covered; there are many things of interest from the Association standpoint mentioned from time to time in its weekly letter; there are matters of policy and matters of general interest on which there should be some action by the Association where it would be advisable to get the consensus of opinion of the bankers of the State.

*At a meeting attended by directors and stockholders*, have someone discuss the responsibility of directors. You no doubt are familiar with decisions rendered in recent bank cases, holding the directors liable for the loss sustained by depositors because of their negligence.



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At a meeting attended by employees, there might be taken up the subject of increasing their knowledge of banking through membership in the State Chapter of the American Institute of Banking. This is a matter that federations ought to take up very seriously, because the more an employee knows about economics, the more interest he takes in his work and the more valuable he becomes to the bank. I hope the day will come when bank officers will require each and every one of their employees to take a course in banking and economics.

If nothing more is accomplished than *coming together once a month for a dinner or luncheon it would be worth-while* for the sake of the good fellowship which will be developed and the friendly relation established, all of which will help to abolish any business rivalry and jealousy that may exist.

Preparedness was a much heard word during the "World War" and it is important to the success of any program. You can clearly see what a "farce" this convention would turn out to be if a program had not been prepared. The same is true of your federation meetings. The chairman should prepare sufficiently in advance of the meeting, questions to be considered, and make such assignments and procure such acceptances as will insure attendance and a lively discussion. Long speeches are very objectionable. All present should take part. A dinner is a great incentive to secure attendance. We all know its value, but we should get away from the "feed" idea. If the meetings are interesting the members will feel well paid even if they do not have a "feed."

Somewhere I heard a slogan something like this: "Get acquainted with your neighbor, you might like him." This is a good motto to adopt and if generously followed there will never be any question as to the success of your federation meetings.

Right in this connection I want to ask that all *activities of your federation be reported to the State office*. A page or two is devoted in the monthly bulletin to doings of the County Federation and it is partially by this means that we spread the activities of our county organizations. Let us know what topics are discussed at your meetings and anything else that you think might be of interest.

Probably one of the first requests we will make of you will be to *appoint your committees*. Be very careful in making these appointments to select capable chairmen for upon their shoulders will rest to a great degree the responsibility of carrying out the programs of their respective committees. For instance, when appointing a chairman of the credit bureau committee, make certain that he is interested in the adoption of the plan for if he is not, the committee will be without a leader and the result as stated before, will be no activity for one whole year. We depend entirely upon committees in the various counties to advance our programs, so you can see how important it is that each committee function. Last year the lack of cooperation on the part of some committee chairmen was due, as it appeared on the surface, to the fact that they were not interested in the work of their committees and regardless of our efforts in getting them to take some action, no action was taken.

Another matter is the *annual meetings* for the election of officers. Last year annual meetings were held in some counties as early as January and some in each succeeding month thereafter

and there is really no advantage in doing so as newly elected officers of County Federations do not take office until immediately after the annual convention the same as the group and state officers. Next year we are recommending that these meetings be held at a uniform time and have suggested the week of May 1st, 1926. If your federation has been in the custom of meeting in January or some other month, do not regard this as a precedent but change it to conform to our recommendation as nearly as possible. This we think will work out very satisfactorily in every county in the state.

To summarize:

- (1) Try to build up in your county a miniature State Association.
- (2) Select a permanent secretary.
- (3) Respond to letters.
- (4) Hold more meetings.
- (5) Prepare program two weeks ahead of meeting.
- (6) Report all activities to County Federation Department.
- (7) Appoint Committees.
- (8) Hold annual meeting week of May 1st.
- (9) Let's all cooperate to the end that each and every County Federation in the State functions.

In closing I want to read an article appearing in a recent bulletin of the North Carolina Bankers Association. "The only disagreeable feature that your committee has encountered during the past year has been the absolute lack of interest shown by the majority of our county chairmen. One hundred of them last year accepted the responsibility of a county each, while forty of them did absolutely no work and thirty-three of the forty would not even extend us the courtesy of a reply to our letters. Twenty-six put forth very slight and spasmodic efforts leaving the work to be done by a faithful band of thirty-six."

Let this not be said of Illinois Bankers at the close of the next Association year. Let us all pull together for it is only by the combined pull that any effort will meet with success. The power of Niagara comes from the fact that the drops are united. They are going and working in the same direction. As with separate drops of water, so with separate human beings. All their power is in union, united action, in going the same way.

PRESIDENT BOYDEN: Mr. Myers very modestly refrained from saying that he is there as your servant. He is there to furnish you any assistance within his power or the power of the Office. He will do anything that is, I might say, within human power to do to promote this County Federation organization.

Now you have been here for two days, and some of you are here for more. I know you don't want to remain any longer than you have to and what I have to say to you I have reduced to writing. My wife one time told me that, "When you know what you are going to say, why, you make a fairly good talk and you get through. When you haven't it very definite, why, you ramble all around and you have no terminal facilities." So, because I am so very serious about this and feel that it is so very important, I thought that I ought to reduce it to as definite a proposition as possible, and with that alibi I beg your indulgence for reading what I am going to say.





## Address by C. W. Boyden President of the Association

The Illinois Bankers Association has just closed the most remarkable year of its history. Never before has a President given so unstintingly of his time and brought to his task such an enthusiasm to render real service as has Wayne Hummer. At his suggestion the program of service was enlarged; under the spur of his spirit the various committees have done notable work. As a result there is today, as never before, an appreciation on the part of the membership that this Association is of real value and of vital importance to the banks of Illinois.

The constructive and positive action taken by the Convention this morning is conclusive proof that the membership not only approved of the work and endorsed the policies of the Hummer administration but is also a clear and definite indication of what they expect of us who are just now taking up the work. In effect, the members have said to us, "We believe there has been adopted a protective program that will reduce to a minimum the burglaries and robberies; we see in the county credit plan a means to protect ourselves against the evil of too great extension of credit through duplicate borrowing; we recognize the value of the work done by the Committee on Analysis of Banking Operations; we commend the old administration upon the work it has done along these and many other lines and in order that the Association may be of still greater service and carry its activities into new fields of usefulness we are going to give the new Administration more money." Like the servant of old we have been given five talents but only as we return them multiplied a hundred fold in terms of service and accomplishment shall we be worthy of the "Well done, thou good and faithful servant."

The Association Office was never so well equipped. Secretary Graettinger is still overworked but he has more assistants than formerly and we will give him still others as he needs them. The work of the office has been separated into departments and with the addition of Mr. Myers, Mr. Saunders and Mr. Garrison, our good Secretary and his staff are prepared to render greater service than ever before.

Now I come to the thing that I want to say with all the emphasis possible, for I believe it is the thing that is most necessary for an effective and successful year's work. The really important agency in our Association organization is the County Federation. The Administration Committee of seventeen can meet regularly and devise any number of new schemes; the various committees can give us information and propose plans; Mr. Graettinger and his staff can do the work necessary to make the schemes, information and plans available for our use but it will all be of little avail and the money spent in connection therewith, will be largely wasted unless you, as the leaders of the various County Federations, really function.

It is no small honor to be a County Federation Chairman or other official of that organization but wherever honor lies, there, too, lies responsibility. Your task will require thought and time and energy but you will be amply repaid. I venture the assertion that no member of any County Federation official staff has ever regretted the time and effort he has given to the job for it has brought to him a large acquaintance and valuable information both of which he has been able to use to advantage in his own business. Cooperation on the part of the bankers

of the county is the only means by which our Protective plan can be successfully operated. Our educational, agricultural and legislative program will be infinitely more effective if done by a county unit. Only as we work in conjunction with each other can we bring about the elimination of so many unprofitable checking accounts and reduce the rate of interest on savings from four to three per cent. In fact most of the ills with which we find ourselves afflicted can be remedied if the bankers of any county organization will tackle the problem as a unit.

Every county in the state is now organized. The Association office is imbued with a desire to help and committed to a program of real service to our members. If each and every County Chairman and his staff will put their shoulders to the wheel we can do yeoman service for the banks of Illinois and merit the honor that is ours. May I ask each of you individually to do your part. As I see it, no banker is justified in accepting an official position in his Federation unless he is prepared to work with Mr. Myers, our County Federation Secretary, and for the program of the Association. I am almost tempted to say that if, for a good reason or for none at all, you find that you are not going to be able to do that you should, in justice to the banks of your county, either resign or delegate someone else to do the work.

If you have not already done so, appoint your committees as soon as you get home and send the names to Mr. Myers. There are still more than half of the counties without Permanent Secretaries and if your county is one of that number, try to get your members committed to the idea and select one. Get from Mr. Myers a copy of the County Federation Manual. In short perfect your organization, familiarize yourself with your duties and be ready not only to deal with your local problems as they present themselves but also be prepared to go along with the program of the Association-at-large as it will be outlined to you from time to time in regular and special communications.

I am prepared to give the best that is in me to this job of mine. The committees I shall appoint I guarantee will work hard, just as Wayne Hummer's committees have done. Mr. Graettinger and all of his assistants are up on their toes. As those upon whom rests the responsibility and privilege of shaping the destinies of the Illinois Bankers Association for the coming year let us resolve ourselves into a militant force whose motto shall be "Let's go."

Now just a few words about some of the things I hope we may do. Fortunately Mr. Hummer's administration has bequeathed to us some things that should, it seems to me, be continued.

Our Protective plan must be pushed—rushed perhaps is a better word—to as near 100 per cent completion as is possible. Mr. Saunders will remain on the job until, as we hope, every bank will have the protection of a Town Guard adequately armed.

The work that was presented at the Group Meetings by Mr. Harris will be pursued and the question of uniform accounting and standardization of forms will be included. I believe we are all anxious for some work to be done along these lines. Information as to the best methods of accounting, both from the standpoint of theory and actual practice, could be used by all of us to a good advantage. If our forms could be standardized



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and be prepared in large volume and purchased through the Association office much money could be saved by the banks of the state. Sometime, I trust, the Association may be prepared to give us advance information on new and improved methods of accounting so that we may no longer be the prey of some glib tongued salesman who has a new but not necessarily good loose leaf or card system to sell. Just as we are now able to get legal advice, so I hope we may be able to get advice on accounting by which we will be able to ascertain the cost of doing business, the margin of profit upon which we are operating and means whereby the first can be cut and when necessary the second enlarged. Let me add that in this as in many other ways I feel that the Association office should be equipped for research and the dissemination of information which is of an intimate nature and personal to the banking business.

The Association now has a Publicity Director, Mr. Garrison, from whom I feel we can expect much. You are all familiar with the large amount of publicity given to our Protective Plan. Heretofore the main publicity we received was, that we were being robbed and burglarized with great frequency and with material loss. There is a great field for constructive publicity not only through the press but before Rotary, Kiwanis, Lions and other such clubs which are constantly looking for speakers. I hope we can avail ourselves of the opportunities thus afforded and have in our employ a speaker of gifted and pleasant address who can spread the gospel of sound banking and educate the public to an appreciation and knowledge of the services banks render and of the important part they play in the economic structure of the times. This might be termed a Public Relations Department after the custom of many of our commercial and industrial concerns.

Advertising is a source of considerable expense to our banks and much of it is done poorly and brings little in the way of results, except as done by the larger banks where it is directed by an advertising expert. Wouldn't it be well to have an advertising committee, perhaps a secret one, made up of experts who would be in a position to furnish advice about the many plans that are now being offered to the banks and at the same time make constructive suggestions, where any particular advertising campaign has been successful.

Taxation is a most fruitful field for reform. It is a matter of common knowledge that banks now pay a larger proportion of tax than any other business group. I am appointing as a committee on Taxation a number of bankers who have given much thought to this subject and who have accomplished results in their respective counties. I can assure you that they will be able to make some suggestions, which, in many instances, will save the banks much more than the amount of the dues they pay as members of this Association.

A County Credit Bureau is, in my judgment, needed in every county. The testimony of Mr. Karr of Wenona is sufficient to prove the need and the benefit to be derived. He felt that he knew all about the people who were borrowing from his bank and could not see the need of a Credit Bureau. However he found, when one was established, that he had sixty-one duplicators among his borrowers; and in a short time he was able to reduce the number to three. The plan we have is simple and workable and I trust this year may see the establishment of many.

The Legislative, Agricultural and Educational Committees will have something new for the County Federation Committees to do from which good results can be expected.

I have thus outlined some of the things to which I hope the Administrative Committee will this afternoon lend their approval. It may seem like a large program but it is all conceived in the spirit of service and I feel confident that I can rely upon each and every one of you to do your best to make it available and of benefit to our members through the County Federations.

The increase in dues must be justified and to us is given the task of returning to the banks 100 cents of value for every dollar they have placed at our disposal.

I am looking forward with great pleasure to a year of close relationship with you all and am optimistic enough to believe that we will bring in a report next year that will win the approbation of the entire membership of the Association and justify the confidence it has placed in us.

If you are with me, "Let's go."

MR. WALLACE: We are sure with you and the vote taken yesterday being unanimous on the increase of dues is two fold in my judgment. First, it is a direct compliment, well considered and delivered as a compliment to Mr. Graettinger and his Office, and, second, it is an expression of our faith—gentlemen, if I make the mistake in undertaking to express your views you will correct me—it is an expression of our faith in the incoming administration, sir. It is a little unfair and sometimes a little unsafe to point a fellow out without giving him a chance to write his mind, as the President has had the opportunity of doing.

I am going to ask the Superintendent or Manager or whatever he is of the County Federation Department for his permission to be exceedingly frank. Is that all right, Mr. Myers?

MR. MYERS: Yes, sir.

MR. WALLACE: Every man sees every proposition from his angle. Our local County Federation has been crippled in the last year, due to the reason of the serious illness of our much loved Chairman, Mr. Fred Salm. The time that should have been spent possibly in answering some letters that were not answered was spent in an expression of the Secretary's idea of his job and the necessity of the Association for which he was working, and we have accomplished through that an absolutely water-tight agreement and practice in our county on discounts. We have accomplished a uniform charge for letters of credit. We have accomplished through our cooperation with the County Treasurer, who is the man in charge of assessments, an absolutely uniform return to the County Treasurer on taxes, through the local assessors, of course, by which we hope to escape, and we think we will escape, the burdens that come to us through the Boards of Review. Our county has been suffering very much from over-assessment along with a lot of the rest of you. Our County Federation has 100 per cent membership. We are functioning and getting along fine. I think we have held five meetings during the year instead of twelve, however.

The thing that has come to me today and yesterday and the day before in this Convention, and, by the way, this dinner is of peculiar significance to me in that I can't figure out what has become of the 34 years between this dinner and the first dinner I ate in Peoria at the formation of the Illinois Bankers Association. They have gone and they have left their handwriting on us. But it was my good pleasure to be here in this City 34 years ago at the organization of the Illinois Bankers Association. The thing that has come to me during this meeting that I think will do my stockholders and me and our customers the





most good is the analysis of our earnings and expense account. When I took that home the other day I was unable to digest it, but I have had a little help since I came here and I think it is a wonderful help to the average bank officer to be able to sit down and analyze and digest that report and then apply it to his budget and his practice.

The thing that brought me here though, gentlemen, is my acquaintance with Mr. Saunders and my enthusiasm for his undertaking. Every banker sees his job differently. We all recognize, of course, that our first duty is to our stockholders. Our second duty is service to our community. And a still broader and wider duty is our service to the state and the nation. And when we realize that the major crimes of the United States have cost the people of the United States as much in dollars and cents (\$3,820,000,000 in loot), as it has cost to run our Federal Government, then we realize that civilization is being challenged, seriously challenged. When we realize that forty per cent of all the bank burglaries in the United States have been in the great State of Illinois and that we as Illinoisans are being put to shame, then we are challenged as citizens of the State of Illinois. And when we realize that bank robberies and major burglaries and major crimes have increased 1200 per cent in the last 35 years, those of us who have children and grand children to consider must shudder a bit at what will happen to the next generation or two if this wave of crime increases continuously. In other words, Mr. Chairman, I believe our civilization is being challenged by about 2 per cent of our population, and if we are not big enough and strong enough and courageous enough to accept their challenge and drive them out of the State of Illinois and off the earth, we are unworthy of our forefathers and we are unworthy of our job as bankers. (Applause.)

PRESIDENT BOYDEN: Mr. Wallace, I certainly appreciate your assurance of support and I quite subscribe to all the sentiment which you have expressed. I like, too, to think we have a larger job than just as bankers and I am glad Mr. Wallace has injected into this thing our duties as citizens and the obligations we owe to perpetuate and to carry on the civilization of which we are now the beneficiaries.

Is there anyone else here who would like an opportunity to express himself?

MR. GUMBART: I am sitting here wondering, and I have been wondering through the Convention, whether we are so married to Mr. Saunders' Iowa plan that we are not going to continue to work for State Police. I am not belittling Mr. Saunders nor his plan when I ask that question, but I am wondering whether the 1900 banks in Illinois as represented by us are going to stand simply and supinely by and allow the Legislature to run things at the dictates of the minority that doesn't represent the better interests of the State? Or are we going to get active? Can you answer that question "yes or no?"

PRESIDENT BOYDEN: Well, I would just say this, that I am quite heartily in accord with what you say, and right in that connection I would like to say that I had in mind this coming year, there will be no session of the Legislature and we might think that the legislative committee will not necessarily function, will not have anything to do, but you are going right back to the heart of the thing, as I see it. I have been Chairman of the Legislative Committee this year and I have appreciated as I never have before that you have to commence two years before the Legislature meets in order to get the kind of legislation you want. In other words, you have to commence in the primaries when the

man is nominated, (Applause) and it is not of any effect for us to go down there after these men are elected as they were this year, definitely pledged before they went into the primaries in writing to the labor organizations of the State that they would oppose a State Police measure. Those are the actual facts.

Now a Legislative Committee this year, it seems to me, has more work to do in preparation for the primaries which will be held next year than possibly the Legislative Committee had to do this year, and if it works effectively it will have a lot more effect than any work the Legislative Committee was able to do this year.

MR. GUMBART: There are just two or three things along that line, Mr. Boyden. First, I want to assure you that our county, one of the first organized counties in the State, among the first, is behind the administration, we will stand by you. In the next place, there are four or five things that are correlated, that we ought to begin to get out some propaganda for two years ahead of the time the Legislature meets. They are correlated, they hang together. The State Police is one of them and perhaps the most important. Next to that is the laxity of the parole system. Along the same line is the delay in court procedure and this Bureau of Identification that we hear a little of and know very little about.

I wonder how many of you recognize the fact that your fingers might have been printed the day you were born and ten days after your corpse is dragged out of the river perhaps, and they are the same positive identification. Twice I have gone to jail and taken finger prints of suspected criminals who were arrested on minor charges and in two different instances (one time I took three and another two), two out of the five had done time in New York and Ohio, one of them three different times. And it seems to me that we as bankers who favor the strict enforcement of law and particularly those laws against ourselves and against the financial interests, where men come in as burglars or as stick-ups, where they stick them up on the street or in the banking office or at the oil station or at the post office or wherever it may be, I wish we could eliminate this bank business from that end and perhaps stand a little better with a good many of the people. But we seemingly can't do that, because as my brother the attorney told me when I first commenced to talk about this town guard business, "It looks like somebody has to do something, but it ought not to be you fellows yourselves," meaning the bankers, "it looks like something must be done."

Now there are three or four things along that line that I would like to eliminate, but I can't. The State Police business ought to eliminate most of it, but it doesn't unless we follow out the Iowa plan in full and get an indemnifying act through the Legislature that will pay for a dead officer or a maimed officer, a fee commensurate or compensation commensurate with his duty and with his family. I think most of you understand that Iowa pays from \$4,500 to \$7,500, isn't that right?

MR. SAUNDERS: Four thousand five hundred to \$7,000.

MR. GUMBART: And lesser amounts for permanent disability. I was ashamed to see the other day when two policemen in Chicago lost their lives at the hands of thugs that the maximum amount their widows can receive is \$2,000, so far as the newspaper shows. I have tried to get some assurance along this line, and find something out about it. I am glad to know Mr. Graettinger is making progress along the line of insurance. I find quite a number of the men I have talked with have been bothered



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about the bonds, some of the sheriffs find that the bond isn't adequate and they are not satisfied with the bond for these officers who may be killed and who may kill innocent men. I for one want to see progress made along this line and I believe an education campaign started now up and down the state on these various matters will have much to do with getting success out of the next Legislature.

I thank you. (Applause.)

PRESIDENT BOYDEN: I am sure we all recognize that putting in to effect the plan we have, this so-called Iowa plan, has already stimulated interest in the police bill. I wouldn't be a bit surprised if that was largely responsible for its finally being brought out when we thought it had long since been dead, as we had been led to believe. Of course, it didn't get so far. It made pretty good progress after all, however, that is, it got through the Senate, and we didn't even expect that.

Now, as I said, I don't want to keep you here too long. It is hardly necessary, I am sure, to introduce these gentlemen to you, they are all well known, but Mr. Saunders is here and Mr. Garrison is here. You have already heard from Mr. Myers. Mrs. Jennings, whom a lot of you know, perhaps, is the oldest, needless to say, in point of service (Laughter) in the Association offices, is also here. She has watched us grow from the small babe in swaddling clothes to what we now think is a man sized organization, an organization of man size stature.

I would like to give Mr. Saunders a chance to say a word at this time. (Applause.)

MR. SAUNDERS: Gentlemen, I have been very much impressed with this Convention all the way through and I shall always look back on it as one of the great things in my life, one of the greatest pleasures of my life.

A thought that strikes me as I compare this Illinois organization with the Iowa organization is the way this plan has gathered momentum in this state and how rapidly it is being put over in the State and the attention that it is attracting throughout the United States. I think we have pioneered a great idea out in Iowa and I think it was wonderfully put over, but you folks have enlarged on it so much and it is getting to be such a wonderful thing, and then the idea that strikes me more forcibly than anything else is the great impression for good that it is going to have on the country at large. I hardly believe the average banker realizes that. To me it is a great thing to have the privilege of playing some little part in what I believe will be a great service to the generations yet to come.

There is one thought I want to leave with you. I want the bankers in Illinois, if they want to do what is good for themselves and what I would like to have them do, to get away from the thought about their individual bank, about protecting the individual bank and think about protecting all of the banks in the county. The fact that you put an armed guard in your own bank or that you put bullet proof glass in and make a fort out of it, and so on, to protect yourself, that is not going to relieve the banking situation, that is not going to take the hazard out of being in the banking business. Neither is it going to get you a reduced insurance rate. So the thing the bankers want to think about in reference to this plan and in reference to protection is that they are just as much interested in the bank over here in another town as they are in their own, and when we can get this organization built up 100 per cent in every town and every county throughout the entire state, then your banking business is going to be a safe business to be engaged in so far as your life is concerned and you are going to get an insurance rate that

will be right down around where the Iowa insurance rate is. I think that is one of the most important things connected with this plan.

I might say to you that I have agreed to stay over here until the end of the year. I don't know what will work out after that. I will never leave here because I haven't been treated well and because the people haven't been fine and I don't love the work, but anyway we are going at it to work out a lot of new stuff to add to this plan along the line of working in the radio and the aeroplane and 100 and one things that we haven't put up to you yet, because we didn't want to give you too much to commence with. We are going into the counties that are lagging and get them straightened up. Get them completely organized.

Now I want to thank you, gentlemen, in advance for all that you are going to do along the line of organization, and I want to pledge you bankers and this new administration that I am willing to go days, nights or Sundays and give you all I have in me to put this thing over. (Applause.)

PRESIDENT BOYDEN: Could anything be finer than that?

Now I want a word also from Mr. Garrison, whom I have already learned to love.

MR. GARRISON: Mr. Chairman, Mrs. Jennings and gentlemen: Newspaper reporters make darn poor speakers, I can assure you of that right off the bat.

On his pillow in a sick bed in the Ravenswood Hospital along toward the latter part of February, Mr. Graettinger assured me he wanted someone, and the someone so happened to be me, to put some fire behind the anti-robbery campaign so far as the publicity was concerned. I gave him the assurance, as Mr. Saunders did, we would give him the best we had, and I think if any of you have studied the figures that we have tried to broadcast concerning the results of the publicity campaign you know that we have had some 15,000 inches accounted for in the publicity so far as we have gotten it through the Clipping Bureau. There are a great many thousand inches that haven't been accounted for of that stuff. But we certainly have received attention and I think we have the press all up on their hind legs, so to speak, pawing the air for this matter, and I think they will keep on doing it if we feed them with the right sort of material. I don't say it boastfully, I do say it with all due modesty, but I feel very glad about the fact that one of the star reporters of "The Chicago Tribune" has been out here this week covering the 35th Annual Convention of the Illinois Bankers Association. I don't know whether the Tribune has ever sent a man to cover a State Convention before or not, but the fact that they are willing to spend a little money and send out one of the best men on the staff is something and it shows we are getting somewhere so far as the publicity is concerned.

We have been trying some various little tricks of publicity. They are not tricks either, they are just stunts, rather, going to the penitentiary interviewing the bank robbers where they are locked up behind the bars, making talks on the radio, writing feature stories of various kinds about the queer and unusual characters we find in the various counties and communities as they might affect the anti-robbery campaign.

I think the fact that we have gotten quite a bit of publicity out of it is due to the fact that we haven't tried to write, oh just plain wastebasket stuff—I think that is the best term for it.

Like Mr. Saunders did, President Boyden, I want to assure you and all of the others connected with the Association of the best that little me can give during the coming year.

Thank you. (Applause.)





PRESIDENT BOYDEN: I would just like to remark that the best that "little me" can give is a good deal. You make it a point to go into the Association office and you ask Mr. Garrison to pull down the scrap book which he has now—you couldn't call it a scrap book, it has gotten way beyond that, it might be called a library, I would say, it takes on already the proportions of the Congressional Library at Washington—of the clippings that he has of this publicity. He is doing a fine work and has made a wonderful contribution, and I personally have great expectations of what Mr. Garrison is going to do for us.

And now I know we will all be glad to hear from the one who has graced us with her presence today, and those of us who know her all have the highest degree of respect and affection for her—Mrs. Jennings. (Applause.)

MRS. JENNINGS: Mr. Chairman, I realize that this is a wonderful opportunity for me to distinguish myself by saying something exceedingly brilliant, but frankly and unfortunately, I cannot make extemporaneous remarks without a great deal of preparation. Possibly some of the rest of you have the same trouble and can sympathize with me. So I can only tell you that the welfare and the development of the Association are very dear to my heart, that I consider it an honor and a great privilege to be even a small cog in its machinery, and I hope I shall have the pleasure of serving you for many years to come. (Applause.)

PRESIDENT BOYDEN: For a person who doesn't speak extemporaneously, I wish to say that was a very gracious speech.

One of the delightful anticipations which I have this year in light of the experience which I have had this last year—and those of you who were in the Convention at the final wind-up of the proposition and heard Mel. Traylor try to ridicule the Peter and Paul Association, to so speak, that Wayne Hummer and I have tried to put on, perhaps don't appreciate that there wasn't anything of bluff in that at all; that so far as I spoke, and I am confident that so far as Wayne spoke, it came from our hearts. One of the greatest pleasures of the last year's association has been the facility that I have had to know and to love that man, and I am looking forward to just that same kind of a pleasure this year in my association with Walter Crawford. I have known him for a number of years, but I have never had the chance for that intimate relationship which will be afforded us here.

I am glad to have Mr. Crawford say a few words.

MR. CRAWFORD: Mr. Chairman, Mrs. Jennings and gentlemen. Any support that Charley will get out of me will not be along the line of making speeches for him. I want to help him carry out all of the plans that he has outlined to you, and I assure you that I will use every effort in helping him to arrive at the goal that he has set. But if he depends upon me to make his speeches for him, he will have to write them for me. (Laughter.) If I ever give you a good one, Charley will have to write it.

But I assure you that I expect to devote all the time that he feels it is necessary for me to devote to this work, and I think the keynote of the organization is a proper County Federation, because the real work of the organization is done in our own counties, and I hope that we will all take the advice that we have had here with reference to county organizations and try to carry those things out in our respective counties. I am at your service. (Applause.)

PRESIDENT BOYDEN: Just one more thing and we will let you go.

I have made mention of the fact of the appreciation of the responsibility I have as I take up this new task. You perhaps know without my telling you of how much greater the feeling of responsibility would be and how helpless I would be if I weren't assured of the moral support and the help and the careful watching of every function of the Association which I know I shall get from the fine old war horse, Martin Graettinger. (Applause.) I am almost afraid to call on him to talk, because he is just like I am, he likes to talk, and he has such a full experience that there is always so much he can say. But with that gentle hint to make it brief, I am going to ask Martin to say something. (Applause.)

SECY. GRAETTINGER: Mrs. Jennings and Mr. Chairman and gentlemen. What can I say? I am not surprised that Mr. Saunders found his work pleasant in this state. I am not surprised that Mr. Garrison is willing to put his "little me" into the Association work, because ever since I have been connected with this office of Secretary for the Illinois Bankers Association I have found nothing but the kindest friendship, the best feeling, the most hearty co-operation and the willingness to work on the part of everybody, all the bankers and everybody that I have had anything to do with. And with such a spirit existing I cannot see how we shall fail in all that we will try to accomplish this year, and especially with the officers that you have elected.

But with such inspiration as I have had in the various Presidents who have served this Association and with what I know of this and next year and the years to come, the inspiration that we will have from Mr. Boyden and Mr. Crawford, we will be bound to succeed. And we have been growing all the time. Why, when I came to the Association in 1917 we had three persons in the office. Mrs. Jennings was there. I came in, and there was one addition made at that time in another employee. Today we have altogether, with Mr. Saunders and Mr. Garrison, in the neighborhood of 14, including the two employees in the Mutual Insurance Company. So you see that we have grown. It requires all this force to carry on the work. It may be that we will need a few more to expand as you expect us to in the vote that you cast yesterday. It shows progress, it shows that the bankers are willing to co-operate and to support whatever is being done, and with all that, certainly we cannot do anything but render you service, which we are always anxious to do. Thank you. (Applause.)

PRESIDENT BOYDEN: If that number of 14 seems large to you, I wish some of you sometime would take occasion to go up and visit the offices of the Illinois Agricultural Association which occupies the entire floor, practically the entire floor, of one of the large office buildings in Chicago. Certainly the work, the possibilities for service which we see before us are just as large and just as important as the service which the Illinois Agricultural Association has to give.

MR. IRELAND: Will I be out of order if I move that the Chairman and the Secretary be instructed to send John L. Schlener a telegram that we are pained that he is kept away from this meeting by illness?

Motion was seconded.

MR. GUMBART: I would like to say in that connection for Mr. Saunders' benefit, one reason why he found it so easy for the plan was the groundwork that was laid for it by Mr. Graettinger and Mr. Schlener.





## THIRTY-FIFTH ANNUAL CONVENTION

PRESIDENT BOYDEN: I might say in that connection that I don't ascribe to a terrible lot of fire and pep and all that kind of thing, and I sometimes have been accused of perhaps being, oh, kind of phlegmatic in my temperment, so to speak, but last Fall I chased around the state with Schlener in some group conferences. Well, say, I got a new vision of pep. That fellow just had me trailing him about ten steps behind all the time, you know, and I think I got a new vision of "go" from being with him.

I don't think it is necessary to even put that motion to a vote. I know it is the unanimous sentiment of the people here assembled.

Is there anything that anyone else would like to say?

MR. STRUBINGER: We have heard many times today commendation of Mr. Hummer and Mr. Graettinger and his associates in office. I cannot refrain at this time from saying that my county doesn't take a second stand in the appreciation of the efficiency in that office and also the magnetism of that office. We think down in our county that we have just accumulated a little of that magnetism from these efficient officers. We are thoroughly organized. All of the departments, the agricultural and the educational, the protective and the taxation, are all functioning fine, all working; we have our reward signs hanging up in our banks all over our county on the protective plan, and through this work we have endeavored to try to make some gain at all times.

About three years ago we tried hard to push the plan over on the educational work, but we could not make it go. At that time our permanent Secretary, Mr. L. M. Smith, began the work on something that we thought would fit, and we have it prepared, but, as I said to Mr. Graettinger, we do not want to do a thing or make a move that is not in accord with the wishes of this Association. But we have that and with the permission of Mr. Graettinger, we would like to leave a copy with these folks here. Is that all right, Mr. Graettinger?

SECY. GRAETTINGER: It is.

MR. STRUBINGER: We would like to leave a copy of that with you for you to take home and look over, and Mr. Graettinger

is going to look it over and see what he thinks about it and then we will wait developments along that line. But this has been a lot of work; it was put in for the seventh and eighth grade work in the schools. We have arrangements made right now whereby this will be in our schools in our county this year, through our county superintendent. We will try it out in that manner.

Another thing I would like to say. If they could all grasp and get hold of this County Federation work as I feel it—I guess the reason why I feel it so is the hard work that I have been compelled to put in on it. When we first organized our county some twelve or fifteen years ago, it was hard to get along, just little meetings with small bunches, and we have put lots of work on that and finally gotten it so that a year ago this last Spring we had 160 sit down at the banquet table at one time in our meeting, in May. This last Spring we had about 110. And with that co-operation these folks will find it much easier. We find it easier if the banks in our county will answer our letters. Once this spring, in order to get hold of this, I took my car and took our Secretary and visited every bank, nineteen banks; we made it in two days and got in personal touch and got some action.

PRESIDENT BOYDEN: Thank you very much, Mr. Strubinger. We take our hats off to Pike County. I heard this talk and learned of this book when I was at the group meeting, and I haven't asked Mr. Smith yet, but I had already made up my mind to put Mr. Smith on the Educational Committee of our Association, and that committee is going to thrash out these things. It seems to me that Mr. Smith has made a very distinct contribution, and I hope that it will be one we can use.

Now, gentlemen, if there is nothing more, if there are any here who are members of the Administrative Committee, we are going to meet at 3:00 o'clock, and that hour has almost been reached. I express my great appreciation of your attendance here, and again I ask you to adopt the slogan "Let's Go." (Applause.)

Whereupon the meeting of the County Federation Conference was adjourned at 3:00 P. M.

## Bankers' Golf Tournament

The Bankers' Golf Tournament at the Country Club of Peoria, under the direction of Mr. J. C. Paddock, Cashier of the Merchants & Illinois National Bank, Peoria, who was the Chairman of the Golf Committee, was the big entertainment event Friday afternoon. Winners of the events are:

National Bankers—Low gross, R. A. Aishton, Asst. Cashier Continental & Commercial National Bank, Chicago; Low net, G. C. Tolin, Vice-President, First National Bank, Des Plaines.

State Bankers—Low gross, A. K. O. Cochrane, Union Trust Company, Chicago; Low net, P. K. Pretty, Northern Trust Company, Chicago.

Greatest number of par holes—C. A. Donnell, Manager Chicago branch Mosler Safe Company.

Blind Bogey—John Bettridge, Correspondent Guaranty Trust Company of New York.





